

Morro Bay HOUSING ELEMENT

Adopted
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CHAPTER VII

HOUSING ELEMENT

A. AUTHORITY AND PURPOSE

The Housing Element is one of the seven State mandated elements of the City's General Plan. The Housing Element serves as a tool to identify and provide for the housing needs of the community. The Housing Element addresses the City's aspirations for the production of housing to meet the needs of all Morro Bay citizens.

A Housing Element is required by California law to establish policies and programs that will support the provision of an adequate housing supply for citizens of all income levels. The intent of State law is to assure that all jurisdictions in the State provide adequate housing to all members of the community. While the State reviews the Housing Element to assure compliance with housing law, each jurisdiction must identify its particular issues to successfully address their housing needs.

This document provides a detailed assessment of the existing housing stock in Morro Bay, including data on housing types, physical condition, cost, and availability. The report also examines special housing needs of the population such as the elderly, farm workers and the homeless. It also identifies opportunities for energy conservation when housing is constructed or remodeled. The report assesses the effectiveness of past housing programs. The availability and capacity of land and public services for housing development are examined along with factors that may constrain the production of affordable housing.

An understanding of existing housing conditions in the City is necessary as a basis for new Housing Element policies to guide the use and development of housing that will be adequate and affordable.

State law is more specific about the content of Housing Elements than any other portion of the General Plan. That specificity is reflected in the detailed demographics and other data contained herein. The Housing Element is also the only part of the General Plan that is subject to mandatory deadlines for periodic updates. Except for the Local Coastal Plan, it is the only element that is subject to review and "certification" by the State.

This document is an update of the City's existing housing element. The current Housing Element was approved by the State Department of Housing and Community Development in 1988 (HCD).

The housing element contains the following information as required by State law:

- a summary of the past housing efforts and an analysis of reasons for their success or failure,
- information about the existing housing stock covering such items as: the amount, type, cost, tenure, and structural conditions of the units. Other areas of concern include overcrowding and the needs of special subgroups of the population such as seniors,
- analysis of potential barriers to housing production including both governmental and non governmental constraints,
- information about energy conservation opportunities in housing rehabilitation and new construction,
- information about existing subsidized housing and the possibility of its being lost due to conversion to market-rate units, and
- specific goals, measurable objectives, policies and implementation programs. Objectives must include targets for housing unit production, based on a "fair share allocation".

B. EXISTING CONDITIONS AND ISSUES

1. Existing Conditions

a. Housing Needs Assessment

The housing needs of the City have been evaluated based upon the adopted Regional Housing Needs Plan prepared by the San Luis Obispo Council of Governments (SLOCOG). The housing needs of special populations such as elderly, farm workers, and handicapped citizens are assessed. Finally, this section examines the cost of housing and estimates the amount of housing overpayment that may be occurring in Morro Bay.

(1) Regional Housing Needs Plan

State law requires councils of government (COGs) to prepare Regional Housing Needs Plans (RHNP) for all cities and counties within their jurisdiction. The intent of housing allocation plans is to ensure adequate housing opportunities for persons of varying income. The State Department of Housing and Community Development (HCD) provides guidelines for preparing such plans, and ultimately certifies the plans as adequate.

SLOCOG prepared the housing allocation plan for the cities within San Luis Obispo County, and for the unincorporated portion of the county. The plan was adopted November 6, 1991.

To develop estimates of future housing need by jurisdiction, SLOCOG evaluated past construction trends. They looked at the relationship between job and housing opportunities and public service availability, among other factors. This exercise resulted in a future housing allocation that was less than the amount estimated by HCD as necessary within San Luis Obispo County. SLOCOG then allocated the additional housing need mandated by HCD proportionally among the seven cities and unincorporated portion of the County. The result was a finding that the City of Morro Bay had a basic construction need of 665 units between January 1, 1991 and July 1, 1997. Of that total, 622 units are to be the result of new construction, the remainder represent replacement of projected demolished units.

State law requires that RHNPs divide the specified housing allocation into four income groups. The income groups are defined as percentages of county median income. Table H-1 displays the criteria for the four income groups.

According to SLOCOG, the January 1, 1991 breakdown of existing households by income categories within Morro Bay and San Luis Obispo County was as follows:

Table H - 1 HCD Income Group Criteria Income	
Group	Criteria
Very Low	Household income is less than 50% of the county median income.
Low	Household income is between 50% and 80% of the county median income.
Moderate	Household income is between 80% and 120% of the county median income.
Above Moderate	Household income is greater than 120% of the county median income.

Table H-2 indicates that compared to the County as a whole, Morro Bay has a higher percentage of housing affordable to households in the very low and low income category and a lower percentage of housing available to upper income households. To determine regional allocations by income group, SLOCOG set goals that suggest that jurisdictions move toward establishing relative parity in the percentages of housing available for each income group.

All units constructed in 1992 were above moderate income households.

According to decennial census figures, in 1980 there were 5,293 housing units in Morro Bay. In 1990 that figure increased to 5,694. During that 10 year period an average of about 40 housing units have been constructed annually in Morro Bay. Recently the construction rate has slowed substantially from the ten year trend.

However, this average annual trend is somewhat misleading. Until 1983, a moratorium that had been imposed by the California Coastal Commission was in effect. By mid-decade, the City had initiated two programs that provided water for new development. First, the City replaced old leaky water lines. A portion of the expected savings was made available to construction. Second, the City initiated a "retrofit" program that allowed developers to replace older plumbing fixtures in

Table H-2
1991 Households by Income Group
City of Morro Bay and San Luis Obispo County

Income Group	Morro Bay		San Luis Obispo County	
	Households	Percentage	Households	Percentage
Very Low	1,498	33%	21,206	26%
Low	771	17%	13,050	16%
Moderate	908	20%	17,128	21%
Above Moderate	1,361	30%	30,178	37%
Total	4,538	100%	81,502	100%

Source: San Luis Obispo Council of Governments,
Regional Housing Needs Plan, November 6, 1991.

existing houses and businesses with water efficient fixtures. Water thus saved could be credited to new development. These programs allowed some new construction to occur.

By the end of the 1980's, the drought and water shortages required another slowdown in new construction. Besides water availability problems, the voters approved Measure "F" in 1984 which established a maximum of 70 new units per year on average for new construction. These factors make projections from past construction trends difficult.

It is apparent that even if water is made available, Measure "F" may limit the City's ability to achieve its full fair share of housing during the time frame of this element. Two factors, may help mitigate this concern.

First, pursuant to State law, second units or "granny flats" are exempt from Measure "F" (though not from a water allocation requirement). By adding secondary units to the maximum allowed under Measure "F", the fair share total may be approximated. Second, Measure "F" and the City's water allocation programs give clear priority to low and moderate income units. Thus, the fair share objectives for the low and moderate categories are likely to be achieved. Only in the "above moderate" category will the fair share objectives be a substantial problem (Table H-3). This is much different from almost every other jurisdiction in California. Median household income for a family of

Table H-3 New Construction Needs by Income Group to 1997 City of Morro Bay		
Income Group	Housing Units	Percentage
Very Low	0	0%
Low	69	11%
Moderate	174	28%
Above Moderate	379	61%
Total	622	100%

Source: San Luis Obispo Council of Governments;
Regional Housing Needs Plan, November 6, 1991

four in San Luis Obispo County was \$39,700 (HCD May, 1992). Using this definition, the income categories for a family of four in San Luis Obispo County are shown in Table H-4.

The State Department of Housing and Community Development (HCD) defines overpayment as the circumstance where more than 25% of gross household income is spent for housing (HCD, 1988). To meet this affordability criteria, the following range of monthly rental payments, or combination of the mortgage, taxes and insurance

payments for owner-occupied housing would be necessary to meet the affordability criteria in San Luis Obispo County (Table H-5).

Table H-6 shows the monthly payments that would result from borrowing different amounts at various interest rates. The figures assume a 30 year fixed rate mortgage financing the total borrowed amount.

While varying among banks, currently (October 1992) 30 year fixed mortgage rates can be found for about 8%. To meet the affordability criteria for the very low income group (\$413 or less per month) 355 owner-occupied units would have to be constructed that sell for not more than about \$57,000, assuming that no down-payment is made (with a down-payment, the borrowed amount still could not exceed

\$57,000). The sale price would have to be less than \$57,000 to account for insurance and tax payments within the maximum monthly payment.

Less than one percent of the owner-occupied housing in Morro Bay was valued

Table H-4 HCD Income Groups for San Luis Obispo County, May 1992 Income	
Group	Criteria
Very Low	household income less than \$19,850
Low	household income between \$19,851 and \$31,750
Moderate	household income between \$31,751 and \$47,650
Above Moderate	household income greater than \$47,650

Source: Crawford Multari & Starr, based on HCD income criteria and median income definitions.

Table H - 5 HCD Income Group Monthly Payments San Luis Obispo County, 1990 Income	
Group	Range of Monthly Payments
Very Low	less than \$413 per month
Low	between \$413 and \$661
Moderate	between \$661 and \$992
Above Moderate	\$992 and up

Source: Crawford Multari & Starr, based on HCD income criteria and median income definitions.

within the price range affordable to very-low income families. The median value of owner-occupied housing in Morro Bay was \$224,700 according to the 1990 census. The market provides very little for-sale housing that is considered affordable to very-low income households.

Affordable low income housing was readily available in the rental market. The median rental price in Morro Bay from the 1990 census was \$515 per month, well

below the figure considered the maximum affordable to low income households. This figure indicates that half of the rentals in the City are priced less than this amount. Because renters need not pay taxes and insurance for their dwellings, the numbers suggest that rental housing may be more affordable for low income individuals than owner-occupied housing (see Housing Costs and Overpayment).

Table H-6 Monthly Mortgage Payments					
Amount Borrowed	Interest Rates				
	6%	7%	8%	9%	10%
\$50,000	\$268	\$300	\$333	\$402	\$438
\$55,000	\$295	\$330	\$404	\$443	\$483
\$60,000	\$322	\$360	\$440	\$483	\$527
\$65,000	\$390	\$432	\$476	\$523	\$570
\$75,000	\$450	\$498	\$550	\$603	\$658
\$100,000	\$600	\$665	\$734	\$805	\$878
\$125,000	\$749	\$832	\$917	\$1,005	\$1,097
\$150,000	\$899	\$998	\$1,101	\$1,207	\$1,316
\$175,000	\$1,049	\$1,164	\$1,284	\$1,408	\$1,536
\$200,000	\$1,199	\$1,331	\$1,468	\$1,609	\$1,755

Source: Crawford Multari & Starr

b. Analysis of Special Housing Needs

This section reviews the characteristics of households with special housing needs, including the elderly, large families, single-parent families, disabled persons, and farm workers. Homeless people who cannot afford any housing are also discussed in this section.

(1) Elderly

Analysis of the housing needs of the elderly is important for three reasons: 1) many elderly have fixed, limited incomes, 2) many elderly persons are "over-housed" (living alone in a three or four bedroom house) and 3) because some elderly have mobility and health problems. These needs can create special housing requirements.

The 1990 census States that there were 2,505 residents aged 65 years and older in Morro Bay comprising 25.9 percent of the total population. This number is high compared to San Luis Obispo County where 14.2 percent of the residents are aged 65 or older. About two-thirds of the elderly population lives within households; the remainder either live alone or in group quarters.

Table H-7 displays the housing characteristics of elderly persons in Morro Bay in 1990.

More than 79% of elderly householders own their residences in Morro Bay. Table H-8 details the householder characteristics of owner occupied and rental housing by age of householders.

As seniors are less able to keep up with the demands of home ownership and seek apartments or condominiums, the housing units they vacate may represent a large stock that continually becomes available to other buyers.

Many of the senior citizens in Morro Bay share their homes with other family members. Elderly parents may be living with their adult children or living in another similar arrangement. These units are often overcrowded. Some seniors prefer to live alone or in a separate unit near the main house ("granny flats") when such units are available and affordable.

Table H - 7
Housing Characteristics of Elderly
Persons
City of Morro Bay 1990

In Family Households ⁽¹⁾	Number
Householders	826
Spouse	623
Other Relatives	75
Non-Relatives	8
In Non-Family Households	
Male living alone	167
Male not living alone	19
Female living alone	501
Female not living alone	18
Non-Relatives	25
In Group Quarters	
Institutionalized persons	240
Other group quarters	3
TOTAL	2,505

(1) The Census Bureau defines a householder for every residence. In most cases, it is the person in whose name the residence is owned or rented. A family has a householder and one or more individuals related by birth, marriage or adoption.

Source: Census of Population and Housing, Summary Tape File 1, 1990

Table H - 8
Householders by Tenure and Age
Occupied Units
City of Morro Bay 1990 Housing

Unit Type	Number	Percentage
OWNER OCCUPIED POPULATION		
15 to 24 Years	17	0.7%
25 to 44 Years	517	20.7%
45 to 64 Years	749	30.0%
65 and over	1,211	48.5%
TOTAL	2,494	100%
RENTER POPULATION		
15 to 24 Years	236	11.8%
25 to 44 Years	1,052	52.8%
45 to 64 Years	384	19.3%
65 Years and Older	320	16.1%
TOTAL	1,992	100%

Source: Census of Population and Housing, Summary Tape File 1, 1990

(2) Large Families

Large families present special housing needs if they cannot find affordable and adequate housing units. The result may be overcrowding. Table 9 shows the total occupied housing units and the number of persons living within each unit. Such information for Morro Bay is also compared to San Luis Obispo County.

Table H-9 shows that less than 10 percent (499) of the households in Morro Bay are occupied by four or more persons. This proportion is substantially lower than the County as whole and is very low when compared to other cities and counties. Thus, housing for large families does not appear to be significant a need in Morro Bay. The section on the size of housing units, below, contains more information about the composition of housing by number of rooms.

Table H - 9 Persons per Occupied Unit City of Morro Bay and San Luis Obispo County, 1990				
Persons in Occupied Housing Units	Morro Bay		SLO County	
	Number	Percent	Number	Percent
1 person	1,477	32.9%	19,142	23.8%
2 persons	1,929	43.0%	29,868	37.2%
3 persons	581	12.9%	12,809	15.9%
4 persons	323	7.2%	11,163	13.9%
5 persons	106	2.3%	4,466	5.5%
6 persons	42	0.9%	1,689	2.1%
7 or more persons	28	0.6%	1,144	1.4%
TOTAL	4,486	100%	80,281	100%
Persons per Owner Occupied Unit	2.01		2.54	
Persons per Renter Occupied Unit	2.20		2.52	

Source: Census of Population and Housing, Summary Tape File 1, 1990.

Table H - 10 Household Composition City of Morro Bay and San Luis Obispo County 1990				
Household Type	Morro Bay		SLO County	
	Number	Percent of Total	Number	Percent of Total
One Person	1,477	32.9%	19,142	18.0%
Married Couples (total)	2,083	46.4%	42,920	40.4%
* with children	554	12.3%	18,549	17.4%
Male Householder, (total) no wife	129	2.9%	2,609	2.4%
* with children	70	1.6%	1,436	1.3%
Female Householder, (total) no husband	369	8.2%	6,791	6.3%
* with children	217	4.8%	4,520	4.2%
Non-family	428	9.5%	8,819	8.3%
TOTAL HOUSEHOLDS	4,486	100%	106,168	100%

Note: Sum of percentages may not equal 100 because of rounding.

Source: Census of Population and Housing, Summary Tape File 1, 1990.

* Included in total

(3) Single Parent Families

Table H-10 provides a detailed breakdown of the household composition in 1990 in Morro Bay and San Luis Obispo County. A large number of female households with no husband may indicate a possible housing problem, especially if those women have children. Affordable housing with areas for children to safely play outdoors is generally the greatest concern and need of single-parent families. Locations near day-care and/or child-care facilities are also important, especially if the parent cannot afford an automobile.

Table H-10 shows a substantial number of single person households in Morro Bay. As percentage of all families, single person households comprise about a third of all households. Table H-10 shows further that about five percent of the households in the City consist of single-parent mothers with children. Because the earning power of women is generally less than that of men, single mothers often have a difficult time finding affordable housing and affordable child-care services.

Although the percentage of single mothers in Morro Bay is about the same as the average for San Luis Obispo County, and about half of the average for the State of California, housing needs of these women and their children remain a concern.

The census also notes 70 (1.6 percent) single-parent fathers with children. The average in Morro Bay is much smaller than the California average of 4 percent. Single fathers are generally not regarded as having a critical housing problem because the men usually earn a sufficient income to pay housing and child care expenses. Still, this group does present a unique housing need that should be included in the consideration of housing units for single-parent families.

The federal government Aid for Dependent Children program (AFDC) provides support for the children in single-parent families. Depending on the household income, these families would also qualify for other federal housing assistance programs, such as Section 8 rent assistance.

(4) Disabled

Table H-11 shows the 1990 Census information regarding non institutionalized people in Morro Bay that have disabilities that either prevent them from working or make self care or mobility difficult. Generally, disabled persons constitute 10 percent of any given population; in Morro Bay the percentage is similar. Table H-11 displays such information broken down by age and type of disability.

Table H - 11 Persons with Work and/or Mobility Disabilities by Age City of Morro Bay, 1990		
Type of Disability	Age 16 to 64	Age 65 & over
Work Disability	545	NA
Mobility Limitation	139	214
Self Care Limitation	75	136

Note: The numbers may double-count some individuals; that is, some people may have more than one type of disability or limitation.

Source: *Census of Population and Housing, Summary Tape File 3, 1990.*

There are two major housing problems facing disabled persons: the need for housing that meets particular physical needs (wheelchair accessible, etc.) and monetary needs. Because of limited job opportunities for the handicapped and disabled, their

incomes are often below the median income.

The disabled or handicapped residents of Morro Bay have varying housing needs depending on the nature and severity of the disability. Physically disabled persons generally require modifications to the

housing units such as wheelchair ramps, elevators or lifts, wide doorways, accessible cabinets, modified fixtures and appliances. If the disability prevents the person from operating a vehicle, then proximity to services and access to public transportation are important. Severely physically disabled persons may also require nursing or care facilities.

If the physical disability prevents the individual from working or limits their income, the cost of housing and needed modification can be significant. Because physical handicaps vary, this group rarely congregates toward a single service organization. This makes estimating the number of individuals and specific needs difficult.

The physical modification of housing is not generally necessary to accommodate mentally disabled persons, but they will generally require special services and monetary support. Since jobs and incomes are often limited to such individuals, affordable housing is important. Many mentally disabled persons would prefer to live independently, but because of monetary circumstances they are forced to live with other family members or with roommates. This may cause additional stress and problems. In some instances the need for a resident assistant to help deal with crisis or challenging situations may also create special housing demands. This would suggest that there is a need for some apartment or condominium complexes that are reserved exclusively for persons requiring extra assistance in dealing with their daily routines. Many mentally handicapped persons are unable to drive, so access to public transportation is also important.

Disabled elderly often fall into one or both of the above categories. Many elderly have some minor physical handicap. For instance, climbing stairs may be difficult—especially when carrying groceries or other bulky items. Other elderly persons may have difficult cooking, cleaning, performing daily chores, or remembering to take medication. Congregate care facilities and retirement homes help meet the need of many of these individuals.

(5) Farm workers

A study of the living conditions of migrant farm workers in California found that most of these people live in seriously substandard conditions. Overcrowding, dilapidated units, contaminated water supply, unsafe electrical wiring, and lack of homes are only a few of the problems. The low wages and short or intermittent tenancy of migrant farm workers leaves them susceptible to the high rent demands of local landlords (HCD, 1988).

The 1990 census of population found that 184 residents of Morro Bay are employed in farming, forestry or fishing operations. Because of Morro Bay's role as a significant commercial fishing center, this is not surprising. This number, however, probably under estimates migrant farm workers who move with the seasons according to the availability of work. There are still several large tracts of productive agricultural land within and near the Morro Bay City limits that periodically employ such workers. It is not clear where migrant workers live while employed in Morro Bay area.

A study prepared by People's Self Help Housing Corporation (PSYCH) in 1990 found that 481 persons were employed in Agriculture, Fishing, Forestry and Mining in the central and northern coastal region of San Luis Obispo County. This region includes Morro Bay, however, it also includes the City of San Luis Obispo and the unincorporated communities of Los Osos, Cayucos, Cambria and San Simeon and surrounding areas. It is not clear how many of these individuals reside in Morro Bay.

The PSYCH study indicated that some of the year-round farm workers in Morro Bay live in the various mobile home parks in the City. Outside the City, migrant workers may live in illegal mobile homes, or "stick-built camps" that are hidden from public view. While the extent of the unmet need in Morro Bay is not clear, there is a shortage of farm worker housing county-wide. To help address this issue, this element includes a program that will amend the Morro Bay zoning ordinance to allow farm worker housing in agricultural zones. (See program 3)

Inspection of illegal and sometimes dilapidated housing has revealed that such housing is often occupied by farm workers living in overcrowded and unsafe conditions. Rent payments for such housing often exceed market rates as owners take advantage of renters ignorance of housing laws and legal rights.

(6) Homeless

The San Luis Obispo County Department of Social Services recently completed a study of the homeless population in San Luis Obispo County. That study found that in November of 1990, there were 1,960 homeless people in the County. The majority of homeless persons are found within the City of San Luis Obispo. This is probably a result of the fact that at the time of that study, all services for homeless individuals were centered in the City of San Luis Obispo.

Regional services for the homeless include the Economic Opportunity Commission's (EOC) emergency shelter and services center, located near the intersection of Broad and Orcutt Streets in San Luis Obispo; the People's Kitchen, the Salvation Army Homeless Outreach program, and other programs offered by local churches. The City of San Luis Obispo is centrally located, and it is appropriate that services for homeless individuals be located there. San Luis Obispo is the County seat, many governmental social services can be received there.

Studies of the homeless population in Morro Bay are beyond the scope of this study. No official information is available about the exact number and/or make up of this segment of our population. Most of the homeless encountered in the past by officials in Morro Bay have been males and many of these individuals tend to move from place to place and from City to City making it very difficult to monitor the homeless population.

There are no permanent facilities within the City limits of Morro Bay that provide long term housing for homeless persons or families. The majority in Morro Bay, who have vehicles, occasionally use the recreational vehicle parks in the City. There is one housing facility located in San Luis Obispo County within about one mile of Morro Bay which provides housing for the homeless. That facility, Roandoak Homeless Services, Inc. is located on Chorro road southeast of the City. It provides housing for approximately 30 males in a dorm and 10 females in separate dorms. There are three rooms for families. They occasionally accommodate additional persons on an emergency basis until they can find other housing for those persons. They currently have some vacant beds.

c. Housing Costs and Overpayment

This section examines the affordability of housing in Morro Bay.

(1) Owner-occupied Housing Costs

The 1990 census provides information on homeowner's perceptions of the value of their homes. The census specifically asks, "What is the value of this property: that is, how much do you think this house and lot or condominium unit would sell for if it were for sale?" The response does not measure market value as determined by an actual transaction, it measures homeowner's perceptions of the value.

Table H-12 displays the responses to this question in quantities for several cities in San Luis Obispo County, including Morro Bay. Quartiles represent the amounts at which 25%, 50% and 75% of the responses

Table H - 12 Quartile Values of Owner-Occupied Housing San Luis Obispo County 1990			
Location	Lower Quartile	Median	Upper Quartile
Arroyo Grande	\$158,100	\$207,700	\$279,000
Atascadero	\$154,100	\$199,600	\$267,300
Grover City	\$133,000	\$171,400	\$220,600
Morro Bay	\$166,800	\$224,700	\$295,200
Paso Robles	\$116,100	\$154,500	\$195,000
Pismo Beach	\$219,600	\$293,000	\$388,000
San Luis Obispo City	\$196,400	\$241,100	\$303,800
San Luis Obispo County	\$158,500	\$215,300	\$291,900

Source: Census of Population and Housing, Summary Tape File 1, 1990.

lie below. This means 25% of the responses lie below the lower quartile value, 50% of the responses are below the median value (and thus 50% are also above the median) and 75% of the responses fall below the upper quartile value. Examining quartiles helps illustrate the distribution of responses that is not captured by other descriptive statistics such as the mean average.

Table H - 13 Quartile Values of Contract Rent Payments San Luis Obispo County 1990			
	Lower Quartile	Median	Upper Quartile
Arroyo Grande	\$431	\$513	\$663
Atascadero	\$408	\$477	\$575
Grover City	\$461	\$542	\$632
Morro Bay	\$391	\$515	\$637
Paso Robles	\$362	\$431	\$499
Pismo Beach	\$419	\$518	\$745
San Luis Obispo City	\$425	\$546	\$761
San Luis Obispo County	\$409	\$510	\$669

Source: Census of Population and Housing, Summary Tape File 1, 1990.

It is important to note that this information includes condominiums, mobile homes, and detached single family houses. Further, the data does not distinguish among the number of bedrooms in a dwelling. A rundown four bedroom home may be included in the lower quartile value, while a new one bedroom condominium may be included in the upper quartile value. These figures do provide a reasonable picture of home values within the Morro Bay and the county. Table H-12 shows that home values in Morro Bay are slightly above those for the rest of San Luis Obispo County.

(2) Rental Housing Costs

Table H-13 presents quartile values of housing rents as reported in the 1990 census. Median rent in the county was \$510 per month for all types of housing, while the median in Morro Bay was \$513 per month.

Another way to identify rental price information is to examine the rental housing market directly. Rents are ultimately determined by the interaction of supply and demand within the housing market. The two most significant factors contributing to rental prices are location and amenities. Table H-14 provides samples of "typical" rental housing in the Morro Bay area.

Table 14 indicates that the average price of available rental housing is currently higher than the median rental prices at the time of the 1990 census. The data indicates high-density rental units such as apartments and condominiums are more affordable than detached single family houses.

Table H - 14 Residential Rental Prices in the Morro Bay Area January 1993		
Area	Type of Unit	Current Rents
Tide Avenue	2 bedroom, 2 bath condo	\$575/month
Prescott Drive	2 bedroom, 1 bath duplex	\$650/month
Java Street	2 bedroom, 2 bath house	\$675/month
Rennel Street	3 bedroom, 2 bath house	\$875/month

Source: Liberty Management, Morro Bay, CA., 1992

HCD guidelines suggest that in San Luis Obispo County housing costs of less than \$413 per month are affordable to very-low income persons, and housing costs in the range of \$413 to \$661 per month are affordable to low income persons. The upper quartile rent in Morro Bay in 1990 was \$637. Thus, more than 75% of all rental housing in Morro Bay is affordable to low income households.

While the monthly cost of rental housing is important, often the actual cost of moving into a rental unit is a greater burden. Most landlords require the first and last month rental payment plus a security deposit

prior to moving in. Many landlords require a **minimum** monthly income of up to three times the monthly rent. There may also be requirements for deposits to connect to services such as water and electricity. There may also be extra charges for additional people or pets.

(3) Overpayment

An important component of a Housing Element is an assessment of the affordability of housing. One measure of affordability is the percentage of household income that is being used to pay for housing including mortgage or rent payment, interest, taxes, and insurance.

Measures of overpayment vary. HCD claims that overpayment for housing occurs when 25% or more of gross income is paid for housing, though some federal programs use a figure of 30%. For this analysis, 25% will be used.

The decennial census of population provides information regarding the percentage of household income that residents are spending for housing. Tables H-15 & H-16 display statistics from the 1990 census for owner occupied and rental housing.

Of the 1,904 owner-occupied units for which data were available, about 48 percent paid more than 25% of monthly household income for housing costs. Of the 1,854 total renter occupied units, about 59% paid more than 25% of household monthly income for rent.

Table H - 15 Owner-Occupied Housing Cost as a Percentage of Income Morro Bay - 1989			
Income Range	Number of Households paying:		
	<25% of HH income	25-34% of HH income	35%+ of HH income
\$0-9,999	60	37	94
\$10,000-19,999	194	16	82
\$20,000 +	917	295	385

Source: Census of Population and Housing, Summary Tape File 3A, 1990.

Table H - 16 Renter Occupied Housing Cost as a Percentage of Income Morro Bay - 1989			
Number of Households paying:			
Income Range	<25% of HH income	25-34% of HH income	35%+ of HH income
\$0-9,999	0	29	248
\$10,000-19,999	27	76	345
\$20,000 +	733	241	155

Source: Census of Population and Housing, Summary Tape File 3A, 1990.

The 1990 census reported 5,694 total housing units in the City of Morro Bay; 2,494 units were owner-occupied, 1,992 units were renter occupied, and 1,208 units were reported as vacant. Applying the overpayment percentages from the 1990 census suggests that roughly 1,197 owner-occupied and 1,175 renter occupied units are currently overpaying for housing.

d. Evaluation of Existing Housing Stock

The existing housing stock in Morro Bay can be described by a number of characteristics including the number of units; type (single-family, mobile home, apartments, etc.); their tenure (owner occupied vs. rentals); the number of people living in the units (household size); and unit size. Later sections of this chapter discuss cost, overcrowding, and the physical condition of homes in the City.

Table H - 17 Housing Units by Occupancy Status City of Morro Bay and San Luis Obispo County 1990				
Housing Units	Morro Bay		San Luis Obispo County	
	Number	Percent	Number	Percent
Occupied Units	4,486	78.8%	80,281	89.0%
Vacant Units	1,208	21.2%	9,919	11.0%
Total Housing Units	5,694	100%	90,200	100%

Source: Census of Population and Housing, Summary Tape File 1, 1990

(1) Number of Housing Units

The 1990 Census reported 5,694 housing units in the City of Morro Bay. Of this total, 1,208 units were vacant; this translates to a vacancy rate of about 21 percent. This rate is substantially higher than other cities in the county, primarily because of the large number of vacation homes in Morro Bay. Table H-17 shows the total number of vacant and occupied units in Morro Bay and San Luis Obispo County.

(2) Vacant Units

As noted above, 1,208 vacant units were recorded in Morro Bay in 1990. Of this total, 597 were single family detached units, 375 were mobile homes, and the rest were multi-family units.

Table H - 18 Vacant Housing Units City of Morro Bay and San Luis Obispo County 1990				
Vacancy Status	Morro Bay		San Luis Obispo County	
	Units	Percent	Units	Percent
For Rent	146	12%	1,972	20%
For Sale	170	14%	1,383	14%
Rented Or Sold, Not Occupied	29	2%	700	7%
For Seasonal or Occasional Use	748	62%	4,234	42%
For Migrant Workers	2	< 1%	64	< 1%
Other Vacant	113	9%	1,566	16%
TOTAL VACANT UNITS	1,208	100%	9,919	100%

Source: Census of Population and Housing, Summary Tape File 1, 1990.

More than 60 percent of the vacant housing in Morro Bay is the result of seasonal, recreational or occasional use. Generally, a 2 percent vacancy rate in units available for owner-occupancy owners and a 6 percent rate for rental units is considered optimal to keep prices stable and to ensure that units are available to new and relocating residents. After accounting for seasonal and recreational homes, at the time of

the 1990 census, the vacancy rates in Morro Bay for owner occupied housing units was 6.5% and the rental vacancy rate was 6.8%. Table H-18 shows the status of vacant units within Morro Bay and San Luis Obispo County.

(3) Type of Housing Unit

Table H-19 shows the percentage increase in the number of housing units in Morro Bay and San Luis Obispo County between 1980 and 1990. Morro Bay experienced a 9.9 percent increase in the total number of housing units, while the County housing stock increased by 36.5 percent.

Table H - 19 Increase in Housing Units City of Morro Bay and San Luis Obispo County 1980 and 1990				
	Morro Bay 1980	Morro Bay 1990	County 1980	County 1990
Total Housing Units	5,180	5,694	66,070	90,200
Percent Increase	-	9.9%	-	36.5%

Source: Census of Population and Housing, Summary Tape File 1, 1990.

Table H-20 shows the different types of housing units in the City by the number of units in the structure. In Morro Bay 64 percent of the housing units are single-family detached homes and attached single-family homes provide another 5 percent of the housing stock. Mobile homes make up 14 percent of the housing stock in the City. The distribution of housing types in the City is comparable to that of the County.

Table H - 20 Occupied Housing Units by Type City of Morro Bay and San Luis Obispo County 1990				
Housing Unit Type	Morro Bay		San Luis Obispo County	
	Units	Percent	Units	Percent
Single-family Detached	3,664	64%	55,738	62%
Single-family Attached	285	5%	5,401	6%
Duplex	294	5%	2,989	3%
3 or 4 Units	216	4%	4,848	5%
5 to 9 Units	153	3%	3,260	4%
10 to 19 Units	101	2%	2,795	3%
20 or More Units	26	< 1%	3,230	3%
Mobile Home or Trailer	797	14%	10,725	12%
Other	158	3%	1,214	1%
TOTAL HOUSING UNITS	5,694	100%	90,200	100%

Note: Sum of percentages may not equal 100 because of rounding.

Source: Census of Population and Housing, Summary Tape File 1, 1990.

(4) Tenure of Occupied Units

Tenure refers to whether a unit is owner-occupied or is a rental. Table H-21 shows that more than half of the housing units in Morro Bay are owner occupied. The ownership rate in Morro Bay is slightly lower than the 59% rate for San Luis Obispo County.

Table H - 21 Tenure of Occupied Housing Units City of Morro Bay and San Luis Obispo County, 1990				
Type of Occupied Unit	Morro Bay		San Luis Obispo County	
	Units	Percent	Units	Percent
Owner Occupied	2,494	56%	48,035	59%
Renter Occupied	1,992	44%	32,246	41%
Total Occupied Units	4,486	100%	80,281	100%

Source: Census of Population and Housing, Summary Tape File 1, 1990.

More than three-fourths of the owner-occupied units in Morro Bay are single-family homes, as shown in Table H-22. Just over half of the rental households in Morro Bay occupy single family units while about one-third rent multi-family units.

Table H - 22 Tenure by Type of Occupied Units City of Morro Bay 1990				
	Owner Occupied		Rental	
Unit Type	Units	Percent	Units	Percent
Single-family Detached	1,986	80%	1,081	54%
Single-family Attached	59	2%	136	7%
Multi-family	49	2%	635	32%
Mobile Home or Trailer	341	14%	81	4%
Other	59	2%	59	2%
Total	2,494	100%	1,992	100%

Note: Sum of percentages may not equal 100 because of rounding.

Source: Census of Population and Housing, Summary Tape File 1, 1990.

(5) Persons per Household

The overall average household size in Morro Bay is 2.09. This is substantially less than the State average of 2.79 persons per household.

The average number of persons per household in the City (Table H-23) is calculated by dividing the population by the number of housing units. The purpose of this calculation is to evaluate if a particular housing type has a significantly larger household size. Rental units generally show larger household size than the owner-occupied units and Morro Bay is no exception. Overall, the highest ratio of persons per household was in single-family rental units (2.33 persons per unit).

Table H - 23 Persons per Household Unit City of Morro Bay 1990		
Type	Owner-Occupied Units	Rental Units
Single-family Detached	2.09	2.33
Single-family Attached	1.93	2.31
Multi-family	1.73	1.97
Mobile Home or Trailer	1.54	2.08

Source: Census of Population and Housing, Summary Tape File 1, 1990.

(6) Size of Housing Units

Table H-24 shows the housing stock by number of rooms (not including kitchens and bathrooms) for all housing units. Most housing units in Morro Bay have four to six rooms plus a kitchen and bathroom(s). This range is comparable to San Luis Obispo County. The distribution of various sized housing in units in Morro Bay seems to parallel the rest of the County.

Table H - 24 Size of Housing Units City of Morro Bay 1990		
Number of Rooms	Units	Percent
1 Room	309	5%
2 Room	522	9%
3 Rooms	889	16%
4 Rooms	1,544	27%
5 Rooms	1,257	22%
6 Rooms	664	12%
7 Rooms	308	5%
8 Rooms	117	2%
9 or More Rooms	84	1%
Total Housing Units	5,694	100%

Source: Census of Population and Housing, Summary Tape File 1, 1990.

e. Existing Housing Conditions

This section will discuss the extent to which housing units in the City are overcrowded and the general age of the housing stock.

(1) Overcrowding

The U.S. Census Bureau defines overcrowding as occurring when a housing unit is occupied by more than the equivalent of one person per room (not including kitchens and bathrooms). A typical home might have three bedrooms, a living room and a dining room, for a total of five rooms. If more than five people were living in the home, it would be considered by the Census Bureau to be overcrowded. Because some households require less "space" per person, there is some question on whether units with slightly more than one person per room really have an overcrowding problem. In most cases units with more than 1.01 persons per room are overcrowded. Units with more than 1.5 persons per room are considered highly overcrowded, and should be recognized as a significant housing problem. Table H-25 shows the persons per room for homeowners and renters in Morro Bay and San Luis Obispo County.

Table H - 25 Tenure by Persons per Room City of Morro Bay and San Luis Obispo County 1990				
Persons per Room	Morro Bay City		San Luis Obispo County	
	Number	Percent	Number	Percent
Owner Occupied Units				
1.00 or Less	2,437	98%	46,655	97%
1.01 to 1.50	26	1%	894	2%
1.51 or More	31	1%	486	1%
TOTAL	4,486	100%	48,035	100%
Rental Units				
1.00 or Less	1,843	93%	28,832	89%
1.01 to 1.50	63	3%	1,803	6%
1.51 or More	86	4%	1,611	5%
TOTAL	1,992	100%	32,256	100%

Note: Sum of percentages may not equal 100 because of rounding.
Source: Census of Population and Housing, Summary Tape File 1, 1990.

Morro Bay has a low incidence of overcrowding when compared to the County as a whole. Less than four percent of the entire occupied housing in the City contains more than one person per room. This compares favorably to about six percent for San Luis Obispo County. One hundred seventeen units are considered highly overcrowded having more than 1.5 persons per room. About three-fourths of such units are rentals.

(2) Age of Housing Stock

An indication of the quality of the housing stock is its general age. Table 26 shows that about 28 percent of the housing units in Morro Bay have been built since 1980. These units are in sound condition. Conversely, one-quarter of the housing stock is more than about 30 years old. Many of these units may be in need of some rehabilitation.

(3) Structural Housing Conditions

In 1988, a housing condition survey was conducted by People's Self Help Housing Corporation. That survey found 26 dilapidated units and 994 deteriorated units. This information was used in the preparation of an application for a Community Development Block Grant to fund a housing rehabilitation program. Under that program, about 50 units have been rehabilitated.

Table H - 26 Housing Units by Age City of Morro Bay - 1992 Year		
Structure Built	Units	Percent
April 1990 to Dec. 1992	63	1%
1980 to March 1990	872	27%
1970 to 1979	1,351	32%
1960 to 1969	1,260	15%
1950 to 1959	1,205	14%
Prior to 1950	1,013	11%
Total Units ⁽¹⁾	5,764	100%

Note (1) The total number of units in Table 27 is slightly higher than other tables in this report for two reasons. First, STF 3A uses sample data rather than the 100% count data used in STF 1A. The difference is attributable to sampling error; STF 1A should be considered more accurate. Also, Table 27 includes 63 units for which building permits were finalized since the date of the 1990 census.

Source: U.S. Census of Population and Housing, Summary Tape File 3A, 1990.

f. Land and Services for Residential Development

This section evaluates the availability of land and public services in Morro Bay for future residential development.

(1) Land Availability

California State Polytechnic State University evaluated the potential land available for new housing in Morro Bay. Table H-27 identifies the land developed by existing housing as well as the land available for additional housing based upon that study and separate studies conducted by the City.

Table H-27

CURRENT AND POTENTIAL HOUSING BY LAND USE CATEGORIES

Housing Types Land Use Categories		Single Family Units	Multi Family Units 2-4 (including condos)	Multi Family Units 5+ (including condos)	Mobile Homes	Granny Units	Security / Manager Apartments	TOTAL UNITS
Low	Vacant Lots	4						4
	Vacant Land	257						257
	Underdeveloped Lots					6		6
Low/Med	Vacant Lots	227						227
	Vacant Land	44						44
	Underdeveloped Lots					212		212
Medium	Vacant Lots	92	9		5			106
	Vacant Land		213					213
	Underdeveloped Lots		34	12				46
High	Vacant Lots			3				3
	Vacant Land			386	70			456
	Underdeveloped Lots		20	60				80
Mixed Use	Vacant Lots / Vacant Land	120					48	168
	Underdeveloped Lots						18	18
Non- Residential/ Commercial	Vacant Lots / Vacant Land						14	14
	Underdeveloped Lots						56	56
SUBTOTAL		744	276	461	75	218	136	1910
EXISTING UNITS		3664	767	280	955	0	28	5694
TOTAL UNITS		4408	1043	741	1030	218	164	7604

Densities for zoning categories in Morro Bay vary depending upon the overlay zone. The general densities designated in the General Plan/ Local Coastal Program are shown in Table H-27A. Build-out of Morro Bay would be approximately 7,324 units, based upon existing zoning. At a vacancy rate of 21 percent (including second homes), the total number of year-round occupied residences would be 5,786. At an average household size of 2.1, the ultimate permanent population would be 12,151

Table H-27 A

ZONING AND LAND USE COMPARISON BY DENSITY

ZONES	LAND USE	UNITS PER ACRE
R-A	Low Density	0-4
R-1, R-1 (S.2A), R-1 (S.2B)	Low/Medium Density	4-7
R-1 (S.2), R-1 (S.1), R-2	Medium Density	8-7
R-3, R-4	High Density	15-27

The low density and low/medium density categories allow for single family homes and are less appropriate and less likely to accommodate lower-income housing needs other than secondary granny units. Medium and high density categories are more likely to accommodate persons with lower-income housing needs.

(2) Public Services

This section evaluates the ability of public services in Morro Bay to serve additional residential development.

(3) Water

The California Coastal Commission policies and regulations limit the number of housing units which may be constructed on an annual basis. Such limitation is necessary to protect the public health safety and welfare. If water use exceeded supply and adequate water were not available to users, there could result in increased fire hazard, adverse impacts on commerce, industry and recreation, and the public health, safety, and welfare generally would be jeopardized. The over drafting of water from current well resources would cause salt water intrusion, damaging future water supplies.

If the City develops additional sources of water and/or improves its water management so that additional water is demonstrably recovered, the City must submit a revised water allocation program as a subsequent amendment for Coastal Commission review and approval. Currently the City is in the process of approving a water management plan that explores alternatives for future water resources. The Water Management Plan is required and must be approved by the State Coastal Commission. An analysis for the accommodation of Morro Bay's affordable housing needs may be initiated once the Water Management Plan is approved by the City and Coastal Commission. The Housing and Community Development Department has recently concurred with the City of Morro Bay that growth control management regulations now in affect are imposed by the State of California as part of the Local Coastal Plan. The "Analysis and Recommendation for a Water Management Plan," study prepared by Boyle Engineering indicates that the current growth regulations will be necessary in the future to maintain adequate water supplies to support the uses anticipated in the General Plan and Local Coastal Plan and to protect the environment.

The City's *Annual Water Report*, dated December 1992, States that "... the City of Morro Bay does not have an assured annual water supply." The City's water supply originates from ground water pumping in the Chorro and Morro basins. Annual water extraction from these two sources has averaged about 1,500 acre-feet per year. During the past three years some of this water required treatment with a reverse osmosis process to remove excess salt and other minerals that resulted from sea water intrusion into the aquifers.

The water production trend has actually decreased as population increased over the past ten years because of an aggressive water conservation program enacted by the City. In 1985, the City initiated a retrofit program that requires all new development to replace old water fixtures such as toilets and sinks with newer models that use less water. The program requires that for every gallon of water needed by new development, two gallons must be saved through retrofitting. This program has resulted in a decrease in the average consumption to about 120 gallons per person per day. This use rate is quite low compared to other cities in San Luis Obispo County.

In addition, a voter approved initiative requires the City Council to set an annual limit on the number of new residential units that can be constructed each year based on water availability. The most recent allocation provides for construction of 77 residential units during fiscal year 1993-94. The City currently has a long-term waiting list for

allocations that includes 249 single-family units and 290 multi-family units.

The City does not currently have a water supply adequate to serve the potential population increase of 2,487 persons from the 9,664 population in 1990. The current retrofit program allows water equivalency units to be allocated to developers when they reduce water use in existing buildings. This is projected to last one or two more years and affect 77 to 154 units. The City has initiated a process to procure State water to support future development. Safe yield of State water is expected to be between about 130 to 790 acre feet per year. Coastal Permits have not yet been obtained for State Water. The projected "safe yield" of State Water appears to be adequate for between 220 and 1360 residences depending on which definition of safe yield is used by the State Coastal Commission. This assumes that none of the water is required to be used to recharge the existing aquifers. Up to 770 acre feet of State Water may be required to recharge the aquifers (based upon the Local Coastal Program).

The City also has desalination facilities. These existing facilities have recently been granted local permits for operation but are currently awaiting the approval of the State Coastal Commission. At the time of this draft of the Housing Element, under current Coastal Development Permits, the City may only use the desalination plant to provide an emergency water supply during drought conditions.

There are other potential water supplies including Nacimiento Lake and reclamation of waste water. The City is currently in the process of preparing a Water Management Plan which will identify the options for future water supply. That document will be subject to the approval of both the City and the State Coastal Commission. It will establish a plan to provide adequate water to serve both the existing population, agricultural uses, and the projected population of Morro Bay.

The Coastal Permits approved by the State Coastal Commission currently limit use of the plant during periods of drought. It is not yet a permanent supplemental water supply. Until a dependable source of water is approved by the State Coastal Commission, water will pose a constraint to housing production.

The Local Coastal Plan approved by the State Coastal Commission not only includes the building limitation of 70 units per year but also establishes a priority for use of available resources such as domestic water supply. Based on the Coastal Act, residential uses are a lower priority than coastal dependent land uses, visitor serving uses, and

agriculture. The City has given affordable housing a priority over non-affordable housing projects on the residential waiting list. This priority system has resulted in the benefit that all of the multi-family housing approved during 1991 and 1992 was designated for families of low and moderate incomes.

The Measure I initiative adopted by the citizens in 1990 allows the retrofiting of public facilities for affordable housing projects built by the City and by nonprofit organizations using government funds. The overall of Measure I impact on housing development appears to be negligible at this time.

(4) Sewer

The City of Morro Bay shares waste water treatment and disposal facilities with the unincorporated community of Cayucos. The treatment plant has the capacity to treat 2.09 million gallons of effluent per day (mgd). Current dry weather flows average about 1.4 to 1.5 mgd. The City contributing about 1 mgd and the plant is operating at about 70 - 75% of capacity.

Future development in both Morro Bay and Cayucos may eventually require expansion of the waste water treatment facility. Two factors suggest that such expansion may be far away. First, the community of Cayucos is under a building moratorium because of insufficient water supplies, though there has been recent movements toward rescinding the moratorium to allow a small amount of development. Second, if Morro Bay continues to require 2 to 1 water fixture retrofitting as discussed above, future development may not generate any more waste water.

Regardless of future actions, the City's waste water treatment facilities do not pose a constraint to the provision of housing in the City.

(5) Public Safety

Morro Bay provides police and fire protection services to its citizens. The Police Department currently employs 18 sworn officers along with additional civilian personnel for dispatching and other administrative tasks. Given the City's population of 9,964, this translates to about 1.8 sworn officers per 1,000 population. This ratio is comparable to other California cities.

The Morro Bay Fire Department currently has 10 full-time fire fighters and 20 volunteers, along with additional civilian personnel. They provide fire protection and emergency medical response within the City. The City maintains one staffed fire station and a volunteer station.

The level of public safety provided by the City appears sufficient and public safety does not appear to provide a significant constraint to residential development.

(6) Schools

Public education is provided in Morro Bay by the San Luis Coastal Unified School District. There are two elementary schools in the City. Los Osos Middle School provides service for both Morro Bay and the unincorporated community of Los Osos. Morro Bay High School serves both the City and surrounding unincorporated areas.

The San Luis Obispo County Planning Department maintains information about the availability of resources throughout the County. The following public school information (Table H-28) is from the most recent edition of the County's *Annual Resource Summary Report*.

Table H - 28

School	Capacity	Current Enrollment
Morro Elementary	557	293
Del Mar Elementary	355	280
Los Osos Middle School	585	517
Morro Bay High School	1,208	864

This information indicates that all of the school facilities serving Morro Bay have the capacity to accommodate future residential development. Public school availability does not appear to constrain future housing development.

g. Governmental Constraints to Providing Housing

The price of a home is based on five basic costs: land, materials, labor, the interest rate for borrowing money, and government actions. The cost of the first three items (land, materials, and labor) are determined by the market economy (although government actions can clearly affect land cost). The fourth item, lending rate, is heavily influenced by Federal Government policy. These items are discussed in the section on non governmental constraints. This section focuses on the areas local governments can most easily influence in their efforts to reduce the cost of housing. Governmental constraints include local land use controls, on- and off-site development standards, building and housing codes, permit processing times, permit processing fees, residential development fees, and delays in permit processing that can cause increases in financing cost.

(1) Measure "F"

Measure "F" was passed by the City of Morro Bay voters in 1984. Measure "F" limits the amount of new residential construction that can occur each year to an average 70 units, and requires the City Council to prescribe the mix of single family versus multi-family housing within that annual limit.

The growth management regulations adopted by the City have been approved by the State Coastal Commission. The State approved permit for housing allocations in the City of Morro Bay allows allocations to be established at the beginning of each calendar year and permits to be issued during the corresponding fiscal year. The City, due to two years of non-issuance of allocations because of drought conditions in 1990 and 1991, has granted 77 units during each of the fiscal years 1992-1993 and 1993-1994. The Council can increase allocations by 10 percent in order to attain an average of 70 units per year. It is anticipated that it will take another 16 years of 77 units per year to reach the average of 70 units per year.

The City has recently granted a ratio of 50 single family and 27 multi-family units for each year. That ratio can be modified to allow a greater number of multi-family permits in order to build units in proportion to the number projected for ultimate build-out on Table 27. The ratio of single family (including mobile homes) and multi-family contained in Table 27 is 42 single family and 35 multifamily units. The City plans to evaluate this new ratio in the 1994-1995 allocation.

A property owner may obtain any number of units which are available in any one year if he or she has reached the top of the allocation list for that year (for his or her single property). If a project exceeds the number of units available in a given year, the owner sometimes waits until the second year to obtain sufficient unit allocations to build the entire project. Projects in Morro Bay are seldom large and the economies of scale are seldom a factor in the cost of housing.

Developers are placed on the allocation list on the basis of first-come, first served. However, affordable housing projects automatically receive a priority and can request being moved to the top of the allocation list. This incentive has resulted in a significant number of developers of new projects proposing affordable housing in order to obtain the benefit of moving up on the list. Such units must be guaranteed to be affordable for a minimum period of 30 years. (Refer to Program H-14.1 for implementation)

Once the allocation has been made and the developer has indicated his or her desire to utilize their allocation during that year, they may obtain the permits necessary to build their project. The permit period is generally not impacted by the time required to process the paperwork for the allocation since the notices usually go out several months before the beginning of the fiscal year. In 1993, the first notices for the 1993-1994 fiscal year were distributed in April, over two months prior to the beginning of the fiscal year.

Developments which provide a minimum of 50 percent affordable housing including a minimum of 25 percent affordable to low and very low income families may achieve priority over other residential developments. Developments which provide 100 percent affordable housing shall have a priority over projects which provide 50 percent affordable housing.

An applicant desiring affordable housing priority shall submit to the Community Development Department a written request for such priority, listing the applicant/owner, the address and legal description of the project property. Upon receipt of this information, the applicant's property will be placed on a separate affordable housing waiting list for either single family or multiple family affordable housing projects. The requests are placed in the order in which the requests are received by the City to be eligible for priority in the following year's water allocation. To date twenty-one of twenty-seven affordable housing projects on the 1992-93 priority list have been approved through the discretionary permit process.

(2) Local Land Use Controls

In response to changing needs, Morro Bay has implemented some rather unique land use regulations. Typical single family residential zones in many cities require minimum lot sizes of 6,000 square feet and some residential zones in Morro Bay have minimum lot size requirements as small as 2,400 square feet. Such lots were created early in this century and were intended to serve as weekend or second homes for persons living in Atascadero. Since the lots were legally created prior to the City's zoning regulations, the City allows owners to build on them. Front, side and rear setback requirements are correspondingly smaller.

The City's location within the California Coastal Zone has also resulted in unique land use regulations. The California Coastal Act attempts to balance land owners' rights to develop against the public's right to enjoy the coast line. In some areas of Morro Bay, height restrictions have been enacted to protect public views and large setback requirements have been established to protect bluff areas near the beach. Generally the minimum parcel size allows density, setback requirements, and height limits for residential uses are not unusually strict and therefore are not considered a constraint to the development of affordable housing.

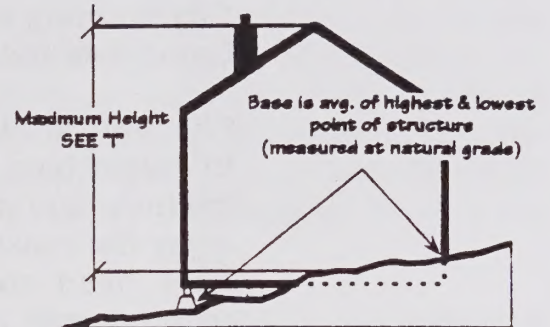
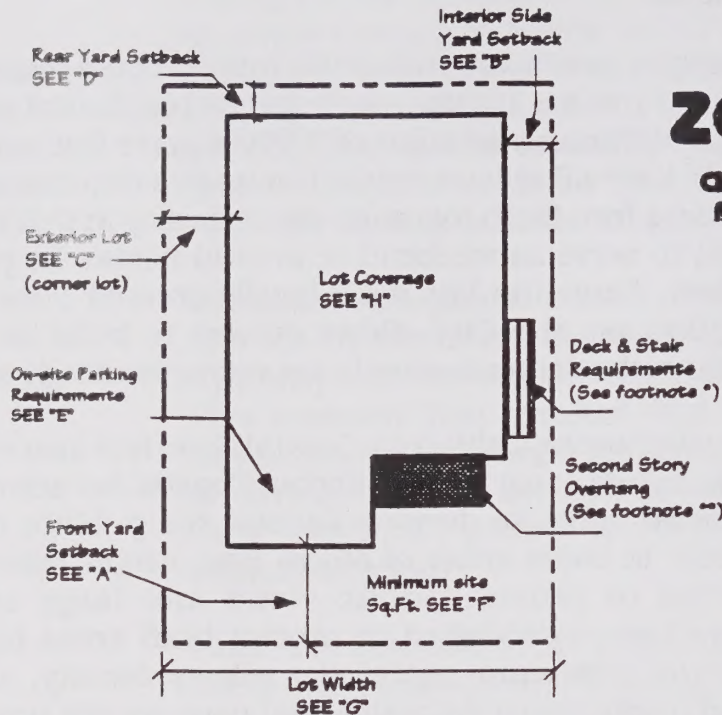
The City requires off-street parking for all new housing projects. These parking regulations do not impact the ability to construct housing. In order to reduce development costs for low income projects, reductions in parking standards are allowed. Further standard reductions are permitted for senior housing and handicap housing to promote these types of housing. Therefore, parking standards tend to encourage the construction of low income and elderly housing by reducing the development costs and land area necessary to construct off-street parking.

Development standards within the City should not pose any constraints to the development of affordable housing. Minimum lot area required per unit decreases with the higher density zoning districts and will provide for lower income housing. Morro Bay has established special standards to accommodate for smaller lots formed before the City's incorporation. Morro Bay's zoning ordinance poses no extraordinary constraints on any form of residential development.

The Zoning Ordinance provisions allow development on the wide variety of lot sizes in the City and do not constrain the development of affordable units. Examples of the requirements for various zones are represented in the exhibit "Residential Zoning Criteria" (next Page).

RESIDENTIAL ZONING CRITERIA

Check Morro Bay City Zoning and Building Regulations for complete requirements.



Single Family

	R-A	R-1	R-1 (S-1)	R-1 (S-2)	R-1 (S-2A)	R-1 (S-2B)
A Min. Front Yard Setback	20'	20'	10' including garage	15' including garage	15' including garage	20'
B Min. Interior Side Yard Setback	10% / 6' ***	10% / 5' ###	3'	10% / 5' ###	5'	10% / 5' ###
C Min. Exterior Side Yard Setback	10' / garage 20'	10' / garage 20'	10' / garage 20'	10' / garage 20'	15' including garage	10' / garage 20'
D Min. Rear Yard Setback	5'	5'	5'	5'	5'	5'
E On-site Parking Requirements	2 Covered Spaces #	2 Covered Spaces #	1 Covered Space	2 Covered Spaces ^	2 Covered Spaces ^	2 Covered Spaces#
F Minimum Site Sq.Ft.	20,000	1 lot	2400	4000	4000	1 lot
G Minimum Lot Width	120' ##	none	40'	40'	none	none
H Maximum Lot Coverage	45%	45%	50%	50%	50%	45%
I Maximum Height	25'	25'	25'	25'	14' / 17' ^^	See Ordinance

Multi Family

	R-2	R-3	R-4
A Min. Front Yard Setback	20'	15'	15'
B Min. Interior Side Yard Setback	10% / 5' ***	5'	5'
C Min. Exterior Side Yard Setback	10' / garage 20'	10' / garage 20'	10' / garage 20'
D Min. Rear Yard Setback	5'	5'	5'
E On-site Parking Requirements	See Ordinance	See Ordinance	See Ordinance
F Minimum Site Sq.Ft.	2,900 Per Unit	2,175 Per Unit	1,600 Per Unit
G Minimum Lot Width	none	none	none
H Maximum Lot Coverage	50%	60%	60%
I Maximum Height	25'	25'	30'

MCR/R-4
15'
5'
10' / garage 20'
5'
See Ordinance
1,600 Per Unit
none
60%
30'

Note:
Properties adjacent to bluffs and ESH Zones are subject to additional height & setback requirements.

- * Decks and stairs over 30" in elevation within setbacks shall be included in lot coverage calculations
- ** Overhanging second story living space shall be included in lot coverage calculations
- *** 10% of front lot line width not to exceed 6'
- # Spaces shall include at least one enclosed and one covered
- ## 35' at the property line on a cul-de-sac
- ### 10% of front lot line width not to exceed 5'
- ^ Less than 3,500 sq.ft. lot area, one car garage permitted
- ^^ Dwelling height: habitation spaces 14' / peaked roofs & other architectural extensions 17'

8/94



(3) Building and Housing Codes

The Morro Bay Building Code is based on the Uniform Building Code (UBC) which determines the minimum residential construction requirements for all of California. The UBC ensures safe housing and is not considered a significant constraint to housing production.

Like most cities, Morro Bay responds to code enforcement problems largely on a complaint basis. The usual process is to conduct a field investigation after a complaint has been submitted. If the complaint is found to be valid, the seriousness of the problem is assessed. The more serious the violation, the more urgent will be the City's action. The City encourages voluntary compliance through letters and phone calls and/or site visits. If compliance cannot be attained in this manner, the City may take more aggressive action through the legal process.

The City's philosophy has been to mitigate serious health or safety problems but to allow the property owners reasonable time and flexibility to comply. The City seeks to balance the need to ensure safe housing against the potential loss of affordable housing that might result from overly strict enforcement. There is no indication that code enforcement actions have unnecessarily restricted the use of older buildings or inhibited rehabilitation.

(4) Permit Processing Times

Permit processing times in Morro Bay are comparable to other cities along the Central Coast. There is currently no backlog of permits waiting for approval by the Planning Commission and City Council.

While permit processing times in Morro Bay do not appear excessive, this element does include a policy stating the City's intent to expedite the processing of all development proposals that include affordable housing.

The time necessary to process single family permits currently ranges from two to about four months. The average is about three months including notice periods for Coastal Development Permits. The only method to reduce this time significantly is to eliminate Coastal Development Permits (CDPs) for single family units with an amendment to the City Local Coastal Program Land Use Plan (LCP). The City has approached the State Coastal Commission regarding a single family waiver previously without much success. The current processing time is not excessive and does not significantly impact the cost of construction nor the ability to construct.

The time necessary to construct multi-family housing is longer due to the greater complexity of larger projects. Some additional reductions in processing time may still be feasible. The current average processing time for multifamily projects is about six months.

(5) Permit Processing and Residential Development Fees

Table H- 29 shows various processing fees for residential development within Morro Bay. Building permit fees are set by the International Conference of Building Officials and listed in the Uniform Administrative Code. This code is used by virtually all cities and counties in California to set such building fees. The intent of building permit fees are to recover the direct costs of reviewing plans and conducting site inspections.

The residential development fees in Morro Bay are not unusually high compared to other cities in the region. The two largest components of

Table H - 29 Residential Building Fees City of Morro Bay 1992	
Type of Fee	Fee Amount (based on median value house; \$225,000)
Building Permit	\$1,068
Sewer Availability	2,200
Water Availability	355
TOTAL	\$3,623

Source: Morro Bay Planning Department, 1992.

residential development fees - water and sewer - are based on the cost of providing such services. These two fees were recently reduced by almost \$4,000 per unit. If Morro Bay did not charge such fees, the City would not be able to provide adequate services. Morro Bay's serious financial condition which is similar to other California cities, makes further fee reductions not feasible. Since the median price of housing in the City is above \$200,000, the fee amounts add about three percent of the unit cost. While adding to the cost of housing, permit fees do not present a significant obstacle to the production of affordable housing.

h. Non-Governmental Constraints to Housing Production

This section examines constraints to producing affordable housing that result not from governmental regulation, but from the forces of the housing market. Primarily, this analysis examines the economic factors that determine the price of housing in Morro Bay.

When deciding whether to build housing, developers must consider a variety of costs and weigh those costs against the price they can receive for selling their product. Such costs include the price of land, site and subdivision improvements, engineering and other technical assistance costs, construction costs, development fees (which may include off-site improvements), financing charges, sales and marketing, taxes, and allowance for profit. Each of these factors as they pertain to Morro Bay is described below.

(1) Land Costs

Land costs vary substantially based on a number of factors. The main determinants to land value are location and zoning, though the size of a parcel will also affect price. Land that is conveniently located in a desirable area that is zoned for residential uses will likely be more valuable and more expensive than a remote piece of land that is zoned for agricultural uses.

The median price of housing in Morro Bay is about \$225,000. Of this cost, about half can be attributed to the land cost, though clearly this amount will vary depending on location and other amenities. Land costs clearly present a significant constraint to the production of affordable housing within the City.

The price of land in Morro Bay varies considerably depending on a number of factors including location, availability of City services among others. Its location adjacent to the ocean make Morro Bay an extremely desirable place to live. This creates a large demand for land which, when coupled with voter imposed growth controls and water availability problems, can significantly increase the cost of developable land.

According to local real estate brokers, undeveloped lots without a water service allocation can range from about \$35,000 to more than \$200,000. The northeast portion of Morro Bay, inland from Highway 1 has lots ranging in price from \$35,000 to \$50,000. Across the highway, nearer the ocean, the price range jumps to between \$89,000 and \$150,000 for similar lots. Lots that front directly on the ocean have been sold for up to \$235,000. The southern portion of Morro Bay near the golf course

has lots available ranging from about \$90,000 to \$120,000. Central Morro Bay is a bit more affordable with lot prices ranging from about \$45,000 to \$60,000.

To help ease the impact of high land costs, this element includes an in-lieu program which will accumulate monies that may be used for writing down land costs or other actions to assist in the provision of affordable housing. See Policy A.12 and Programs 1 and 7.

(2) Site Improvement Costs

Site improvement costs include the cost of providing access to the site, clearing the site, and grading the pad area. In the case of a subdivision, such costs may also include major improvements such as building roads, installing sewer, water and other utilities. As with land costs, several variables affect the amount of such costs including site topography and proximity to established roads, sewers and water lines. Engineering and other technical assistance costs are usually included with site improvement as these services are required to ensure that development is constructed according to established codes and standards.

The City requires that curbs, gutters and sidewalks be placed along the frontage of every lot on which new construction or significant alteration is done. These and other site improvement costs are typical of all cities in California and do not impose a significant constraint the development of housing in Morro Bay. The City does not impose any unusual requirements as conditions of approval for new development. City regulations are intended to generally encourage high-quality private development and new construction.

(3) Construction Costs

Construction costs are those incurred in actually constructing a dwelling unit. As with other land development costs, constructions costs vary. Important determinants of construction costs include the amenities built into the unit, materials used, the prevailing labor rate, and the difficulty of building on the site. In Morro Bay, expansive soils may necessitate more extensive footings for houses which can increase construction costs. Multiple family residences such as apartments can generally be constructed for slightly less than single family residences. Residential construction costs currently range from \$35 to \$65 per square foot for average quality construction.

(4) Development Fees

Development fees are charged by local governments to offset the cost of processing development applications. Development fees are discussed in section 3.8, Governmental Constraints, above.

(5) Finance Charges

Because of the size of most large housing developments, developers generally have to borrow money to cover the costs outlined above. As with all loans, interest must be paid to the lender. Interest rates for construction loans, as well as mortgage rates, tend to be tied to the prime rate (the prime rate is the interest rate at which banks loan money to their best corporate clients). As a rule of thumb, construction loans are generally two percentage points above the prime rate. The prime rate is subject to daily changes, but currently is about 6%.

Financing for residential development projects is generally available through local banks and other financial institutions though financing for larger projects can be more difficult to secure because of problems within the banking industry and the existing sluggish real estate market. Banks are often reluctant to loan on projects that are speculative and do not have buyers previously arranged.

Another potential problem to receiving financing for residential development is the practice of "red-lining." Red-lining is a form of discrimination in which certain groups are not given financing because of racial, ethnic, or other characteristics unrelated to their ability to repay a loan. Discussions with the local Housing Authority and the State Fair Employment and Housing Department in Ventura indicate that such practices have not been a problem in Morro Bay in particular, nor in San Luis Obispo County in general.

(6) Sales and Marketing

Once construction is complete, Realtors are generally retained to sell the units. The costs of selling housing include advertising, title insurance, escrow fees, and commissions on sales. Such costs generally average about 6% of the selling price. Given the median price of housing in Morro Bay of about \$225,000, the owner of such a house would pay about \$13,500 in such fees upon close of escrow.

(7) Taxes

Proposition 13 established a Statewide property tax rate of one percent of assessed valuation per year. Other charges for school or other assessment districts may also be added to this base amount depending upon where in the county a piece of property is located. For a home in Morro Bay bought for \$225,000, the annual tax bill would be \$2,250.

(1) Profit

As in all businesses, developers of housing require a certain return on their investment to entice them to build. Prior to lending, banks generally require that a developer be able to show a 15% profit margin after paying off all costs associated with the development. Obviously, this percentage will vary depending upon the relative strength of the housing market. In a relatively stable market, the \$225,000 median price of a home in Morro Bay would include about \$33,750 of profit for the developer.

i. Low-Income Housing Conversions

Throughout California, many low income housing units that were created through federal subsidies may eligible to convert to market rate units. Such conversions may jeopardize a significant amount of the existing affordable housing stock. Accordingly, Housing Elements must now identify those low income units which may convert to market rate within 10 years, analyze the costs of preserving these "at-risk" units versus replacing them, identify resources for preservation, set objectives for preserving at-risk units, and incorporate programs to try to preserve such units.

(1) Inventory of Potentially At-Risk Units

Using the methodology and checklist supplied by HCD, no projects subsidized through public funds or built through government incentives were identified in Morro Bay that are at-risk of converting to market rate units.

(2) Section 8 Housing Assistance

The San Luis Obispo County Housing Authority administers the federal Section 8 rental housing assistance program within San Luis Obispo County. This program provides rent assistance subsidies to qualifying low-income individual that helps to defray the cost of market rate rental housing. The Housing Authority currently provides such assistance to 41 families in Morro Bay. The waiting list for Section 8 assistance has

been closed for more than two years; thus there is a substantial number of families that would participate in the program if more funds were available.

j. Energy Conservation Opportunities

This section describes opportunities for conserving energy in existing homes as well as in new residential construction. The factors affecting energy use, conservation programs currently available in Morro Bay, and examples of effective programs used by other jurisdictions are all discussed.

(1) Factors Affecting Energy Use

The factors that affect residential energy use must be understood in order to identify opportunities for conservation. One such factor is the size of the population. At any given time, the larger the population, the more electricity is consumed. But over time, new conservation mandates and technological advances decrease the per capita consumption of energy. This means that the total energy use increases at a slower rate than population. The price of energy also has a significant effect; the more expensive it becomes, the more incentive people have to conserve.

The local climate has a large effect on residential energy use. In general, Morro Bay has a mild climate typical of many coastal communities. Summers are warm with early morning fog and winters are only moderately cold. Prolonged periods of cold weather cause increased energy use for space and water heating. This situation is particularly true if homes are not well-insulated.

The efficiency of household appliances also affects energy use. Older appliances may not operate as efficiently as when they were new and many older appliances were built when energy conservation was not considered important. Significant, energy-efficient design advances have been made in refrigerators, stoves, and furnaces.

(2) Existing Conservation Programs

The California State Building Standards Code (specifically Title 24) requires that all new residential development comply with several energy conservation standards. The standards require ceiling, wall, and concrete slab insulation, vapor barriers, weather-stripping on doors and windows, closeable doors on fireplaces, no continuous burning gas pilot lights, insulated heating and cooling ducts, water heater insulation blankets, swimming pool covers and timers, certified energy efficient appliances, etc. All new construction in Morro Bay must comply with Title 24.

The California Energy Commission (CEC) is currently developing a set of energy efficiency guidelines for local planning agencies. As part of those guidelines, the CEC intends to address building efficiency beyond the Title 24 standards. The City of Morro Bay may wish to include these guidelines into their building code.

Pacific Gas & Electric has a showcase program in conjunction with Southern California Gas. The program offers free advertising of the homes in local newspapers and direct rebate to the developer. Southern California Gas also offers an advertising program to builders that install efficient water heaters, heating units, and wall insulation (the criteria for the five-star program are less stringent than that of the Showcase program). The 5-Star program includes information on the homes in the monthly utility bills mailings for the area. Developers are also allowed to use the 5-Star logo of the gas company on their own advertising.

(3) Examples of Programs from Other Jurisdictions

Two basic groups of policy measures are being used by local governments in California to support energy efficient residential development: improving the transportation system relationships among homes, services, and jobs, and improving the efficiency of individual homes.

(4) Relationship Among Homes, Services, and Jobs

Land use planning and zoning practices can conserve energy. For example, if the general plan and zoning ordinances encourage residential subdivision in a relatively isolated area, far from commercial facilities such as grocery stores, residents must travel longer distances to take care of their daily shopping and service needs. Keeping housing and jobs in balance and near each other helps to reduce energy use for commuting. Longer trips usually necessitate using an automobile rather than walking or cycling. Changing the land use pattern can also change energy use patterns. The intent of land use planning measures is to reduce the distances of automobile travel, reduce the costs of construction, and increase the potential for residents to complete shopping and other chores without driving or by driving shorter distances.

One example of a land use planning technique for energy conservation is to encourage infill (development on vacant or under used lots) and compact, contiguous development. Morro Bay does have a few existing vacant lots for development. As property is annexed to the City to meet

the demand for housing, the City boundaries should expand concentrically rather than allowing dispersed development in outlying areas. Mixed-use development should be allowed, particularly in the core areas and along collector roads.

Compact development results in the secondary energy savings of embodied energy. Embodied energy is the term used for the energy spent producing the materials and finished products, like sewer pipes, electrical lines, paving materials, etc. Minimizing the length of necessary water, sewer, and electricity lines consumes less of those products. This decreases the total energy consumption.

Compact development also means there can be more convenient and accessible public transit. Efficient intra-city transit service requires a minimum of 12 housing units per acre (Calthorpe, 1990). The Central Coast Area Transit (CCAT) provides daily fixed route service from the Morro Bay area into San Luis Obispo, where transit riders can connect with other county-wide transit services. The City also provides a dial-a-ride service within the City limits.

(5) Efficiency in Individual Homes

A variety of public and quasi-public programs could be made available in Morro Bay to assist homeowners and renters in retrofitting to improve energy efficiency.

The City should encourage energy efficiency in residential construction by offering incentives and negotiating with developers to emphasize energy efficient construction practices. Developers and consumers often discard long-term savings potential in favor of immediate cost savings.

Energy-efficient, new residential construction can cut energy consumption in the home by up to 50 percent. Energy efficient home construction and retrofits should contain some or all of the following.

- Double-pane windows (two panes of glass enclose a vacuum-tight space that does not allow heat and cold to transfer as quickly as it does in a window with a single pane of glass);
- Attic insulation greater than R-19 (soft, fiberglass insulation is given an "R" rating based on its capacity to insulate an area, a higher "R" value indicates greater insulation capability);

- ➡ Rigid attic insulation (generally a compressed styrofoam insulation with an R-30 value);
- ➡ Additional wall insulation (older homes may not have insulated walls);
- ➡ Fluorescent indoor lighting (a standard, incandescent light bulb uses more energy);
- ➡ Dimmer switches and task lighting (dimmer switches allow lower lighting levels and less electricity use while task lighting directs light to necessary areas without wastefully lighting a larger area);
- ➡ Halogen outdoor lighting (halogen, like fluorescent, are more efficient than incandescent light);
- ➡ Lighting motion detectors that turn on lights only when they detect a person in the room or area;
- ➡ Shade trees along southern and western glazing to reduce the heat from windows on hot summer days;
- ➡ Solar screens that reduce the amount of heat from solar radiation coming through windows;
- ➡ Evaporative cooler which uses less energy than air conditioner;
- ➡ Microwave oven which uses less energy than an electric or gas oven;
- ➡ Gas (rather than electric or propane) water heater and range/oven;
- ➡ Weatherized windows and doors that do not have cracks to cause drafts;
- ➡ Pools with integrated cleaning and heating systems (including pool covers, active solar heating, and efficient filters, pumps, and motors);
- ➡ Energy use automatic timers that provide energy use only when it is necessary;
- ➡ Drip irrigation system that conserves water and reduce the energy needed for pumping water;
- ➡ Drought tolerant landscaping;
- ➡ Active solar elements and passive solar design;

- Energy efficient appliances (in new construction and replacing older appliances in existing homes);
- Storm windows to cut back on heat loss through windows during the winter;
- Reflective film on south facing windows to minimize heat gain during the summer; and
- Individual meters for gas, electricity and water (to encourage conservation) in multi-family units.

Policies that encourage solar energy technology in both retrofits and new construction can also be employed by the City. There are two distinct approaches to solar heating: active and passive. Active systems use mechanical equipment to collect and transport heat—the relatively common roof plate collector system used in solar water and space heaters. Collectors can contain water or air that is pumped through conduits and heated, then piped to the spaces to be heated or to a water heater tank.

Conversely, passive solar systems collect and transport heat through non-mechanical means. Essentially, the structure itself becomes part of the collection and transmission system. Certain types of building materials absorb solar energy and can transmit that energy later. Passive systems often employ skylight windows to allow sunlight to enter the room and masonry walls or walls with water pipes inside to store the solar heat. This heat is then generated back into the room when the room cools in the evening.

The best method to encourage use of active solar systems for heating and cooling is to not restrict their use in the zoning and building ordinances and to require subdivision layouts that facilitate solar use. New language should be added to the subdivision ordinance regarding solar access easements and covenants that would prohibit one homeowner from blocking the sunlight to another home or parcel. Solar access easements should also encourage lots that provide building sites with lengths running north/south and widths running east/west.

(6) Relationship Between Jobs and Housing in Morro Bay

This section provides a closer look at the opportunities and constraints that exist in Morro Bay regarding employment centers and housing areas.

Of the 4,456 Morro Bay workers aged 16 and older who were employed at the 1990 census, about 48 percent worked within the City limits. The remainder worked in places other than Morro Bay.

The 1990 census indicates that about 52% of Morro Bay residents required fifteen minutes or more to travel to their place of employment with about two percent commuted outside the county. Because of the relatively small size of Morro Bay, this suggests that these commuters are leaving the City limits to work. It is not clear how many people may be commuting into Morro Bay from outside the City.

Many Morro Bay residents shop in San Luis Obispo or Santa Maria because of a lack of such opportunities in Morro Bay.

k. General Plan Consistency

The City's Land Use Element currently designates the sites noted in this Housing Element for residential purposes at densities consistent with the goals of providing housing to households within the full range of incomes. The policies in this Housing Element will guide that process, ensuring internal consistency among the elements.

l. Public Participation

While the review draft of the Housing Element is being reviewed by HCD, the draft element will be the subject of public hearings before the City Planning Commission. Hearing notices for the meetings will be sent to various non-profit and housing advocacy groups in the region and to the community churches and to other persons or organizations interested in City housing policy.

After receiving HCD comments and incorporating such comments into the draft element, additional public hearings will be held before the City Council. Similar extensive noticing will be conducted.

2. Issues

The "fair share allocation" assigns a specific number of units in different price ranges to all the local jurisdictions in the State. The California Department of Housing and Community Development (HCD) estimates the statewide need for housing. This is then broken down into regions. In each region, the area council of governments (in Morro Bay's case, the San Luis Obispo Council of Governments

or COG) prepares a more specific regional distribution of the needs to the local counties and cities.

a. Fair Share Allocation: Overall Production Objective

The San Luis Obispo Council of Governments (SLOCOG) has calculated that the City of Morro Bay should accommodate 622 new housing units between 1990 and 1997 to meet its "fair share" allocation. This represents about 83 units per year.

The voter approved initiative Measure "F" sets an annual limit on new housing construction at 70 units. The maximum theoretical production under current law is about 522 units, or about 85% of the fair share objective. Amendments to Measure "F" require approval by the voters. The City intends to actively pursue alternative methods to achieve compliance with its "fair share" needs.

One class of housing units, secondary units or "granny flats", are exempt from the Measure "F" limits pursuant to State law and current policy. A significant potential exists for increasing affordable housing resources through more effective utilization of existing residential housing stock. There are an estimated 500 non-conforming secondary units within the City. Of these units, twenty-five (25) to thirty (30) percent may qualify with only minor or no modifications to be upgraded to a conforming status meeting state and local laws. The City will encourage all owners of non-conforming secondary units to obtain the permits necessary to legalize their uses. Thus, it will be possible to achieve the fair share objective even within the Measure "F" limits.

Besides Measure "F", the most significant constraint facing Morro Bay in attempting to achieve its fair share goal is the availability of water for residential development. The City has installed a sea water desalination plant and citizens have approved participation in the State Water Project. Other potential water supply options such as use of treated waste water for recharge and/or to replace potable sources continue to be explored. The City is making progress toward implementing options through its Water Management Plan.

The Water Management Plan as adopted by the Coastal Commission includes the following statements that direct the City to begin operation of the desalination facilities immediately and to pursue State water.

- ➡ The City shall review the Water Management Plan at least once every five years to ensure that water sources are adequate and to reflect any changes in climatic, hydrological, technological, or political

conditions that could affect the City's long-term water supply whether negatively or positively. As part of the five year review, the City shall prepare a report and submit a copy to the Executive Director for review. When necessary updates to the Water Management Plan are identified through the five year review, or as necessary at the discretion of the City, the City shall update the Water Management Plan by amending the Land Use Plan.

- The City shall apply for and obtain permits to allow operation of the existing desalination facilities as a source of routine replacement water.
- Once permits are obtained, and before State Water is available, the City should begin operation of the desalination facilities, to verify its performance and to allow groundwater basins to achieve the minimum water quality standards established by the City Council, so long as those standards are consistent with the State Department of Health Services potable drinking water standards.
- When State Water becomes available, the City shall conjunctively use State Water, groundwater, and routine replacement desalination water to meet its demands in an economical manner without causing adverse levels of sea water intrusion or exceeding minimum water quality criteria as defined by the State or a subsequent action by the City.

The new water supplies will allow the City to approve development of residential units consistent with the Local Coastal Plan and this Housing Element. Without these new water sources it is probable that the City would be forced into a building moratorium by the State as occurred in the late 1970's and again in the early 1990's.

b. Fair Share Allocation: Affordability Breakdown

The fair share allocation program also breaks down the total housing production goal into various cost categories: units affordable to "very low" income, to "low" income, to "moderate" income and to "above moderate" income households. Section 3.1 of this element defines these categories as they apply to Morro Bay. No new very low income units are required under the Fair Share Allocation. The objective for low income housing is only 73 units. Most of the needed housing is designated for the above moderate income category.

c. Special Needs Groups

A review of the most recent census data suggests that there are some groups of Morro Bay residents with special housing needs. Seniors constitute the largest of these special needs groups in the City. This housing element includes policies and programs to help address the needs of these groups.

d. At-Risk Units

At-risk units are subsidized low income housing projects that may be convertible to market rate units; thus such units are deemed "at-risk" of being lost as affordable housing. A local nonprofit corporation recently purchased apartment complexes in the City that were built with Federal monies and are a source of low income housing. These units were at risk of being converted to market rate rent units. There are now no existing subsidized housing units considered at-risk of converting to market rate units during the time frame of this element. Policies and programs requiring ongoing monitoring and notice for units built with public funds or through public incentive programs have been included.

e. 1985 Element

The last Housing Element was reviewed by the State in 1985 and adopted in 1988. That Element listed a number of policies and programs as well as specific objectives for housing production and construction. Many of the programs were achieved including the rehabilitation of many deteriorated housing units and the construction of a significant numbers of very low income housing units for seniors.

C. OBJECTIVES, POLICIES AND PROGRAMS

State law requires that the Housing Element contain a "statement of the community's goals, quantified objectives, and policies relative to the maintenance, improvement, and development of housing." This Chapter describes the proposed goals, objectives, policies and implementation programs of the Draft Housing Element for the City of Morro Bay.

Dates shown in the "Time frame" indicate the scheduled implementation of the program. Said program shall be in effect from that time through the duration of the planning period. For the Housing Element the term "second unit" is interchangeable with "granny unit" and "accessory unit."

1. Affordable Housing Supply

OBJECTIVE: *PROVIDE A CONTINUING SUPPLY OF AFFORDABLE HOUSING TO MEET THE NEEDS OF EXISTING AND FUTURE MORRO BAY RESIDENTS IN ALL INCOME CATEGORIES.*

POLICY H-1

The City shall adopt policies, programs, and procedures to try to achieve its fair share of regional housing allocation, including the number of units for each income classification, to the extent possible given its resource constraints and the voter-approved limits of Measure "F".

POLICY H-2

The City shall continue to give low income housing highest priority among residential uses in any water allocation system.

POLICY H-3

The City shall pursue adequate water sources to accommodate projected residential development in accordance with the General Plan. As water becomes available for new development, high priority will be given to affordable housing.

Program H-3.1

At least annually, the Public Works Department will provide an update to the City Council on available water supplies, projected demand under the General Plan and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the Water Management Plan, the General Plan, and this element.

Responsible agency/department:	Public Works Department
Time frame:	Annually
Funding:	Water fund
Expected Outcome:	Regular tracking of water supply projects

POLICY H-4

The City shall continue to utilize incentives for the production of affordable housing by:

- allowing second units ("granny units") under specific circumstances in residential zones,
- allowing manufactured housing on legal parcels in residential zones,
- providing density bonuses for low income housing and senior projects, and
- allocation priorities to affordable units.

All of these incentive programs shall meet the requirements of State law.

Program H-4.1

The City will amend its Zoning Ordinance to allow second units in all residential zones in compliance with State law. Said units shall conform to local building codes, zoning standards and service utility requirements for each applicable district. Said units shall not be subject to Measure F growth management limitations as prescribed by State Law Government Code 65825.2(b). Said units shall be required to meet parking standards of no more than one space per unit or per bedroom unless a finding is made that the additional parking requirements are directly related to the use of the second unit and are consistent with existing neighborhood standards applicable to existing dwellings and all other standards as prescribed by Government Code 65825.2(e).

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Zoning amendment
Objective:	Increase stock of second units

Program H-4.2

The City will provide notice in the local general circulation newspaper of the availability of constructing second units. The City will provide workshops for builders, lenders and other interested parties to explain the new building opportunities created by the amended ordinances and how they can be utilized to expand the stock of affordable housing in the City.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Increased participation in second units program
Objective:	25 new second units

Program H-4.6

The City shall amend its Zoning Ordinances to allow and encourage density bonuses and other incentives to builders who provide low and very low income housing and senior housing. Said incentives may include but not be limited to: reduced parking standards, transfer of density credits to other properties and reduced fees.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Zoning amendment
Objective:	10 density bonus units

Program H-4.7

The City shall allow farm worker housing in the Agricultural Zone as prescribed by State Law. Farm worker housing for twelve (12) or fewer workers shall not require a Conditional Use Permit but shall be required to obtain a Coastal Development Permit consistent with the Local Coastal Plan. Farm worker housing in the Agricultural Zone for six (6) or fewer workers shall be deemed to be a single family structure.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Better housing for farm workers

Program H-4.8

The City will give the highest priority for residential development to affordable housing projects. Said projects shall automatically be allowed first priority for the allocation of new residential growth in each year. Said priority for affordable units shall also include the allocation of water and other resources as consistent with the Local Coastal Plan.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Increased construction of affordable residential units
Objective:	Bring the City into compliance with its fair share housing allocations

Program H-4.3

The City will encourage owners of residential properties with existing non-conforming second units to legalize their units consistent with the new "granny unit" regulations. Owners of said units shall not be subject to any penalties if they submit completed applications within one year of the publication of a notice by the City in a general circulation newspaper. Said notice will inform owners and residents of the amnesty policy and the opportunity to bring their units into conformity. The City will provide additional posted notices of the "granny program" and shall also assist applicants seeking to comply by providing workshops and informative promotional material.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Increased production of second units
Objective:	legalization of 75 to 125 second units

Program H-4.4

The City shall to the extent feasible, solicit housing assistance funds to be used in the construction of new and rehabilitation of existing "granny units". The City shall make lenders, builders and all interested parties aware of any available programs.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	Grants
Expected Outcome:	New funds for second units program
Objective:	Increased participation in the second units program

Program H-4.5

The City will continue to allow manufactured housing (modular and mobile homes) to be sited in residential zones consistent with State and local laws. Brochures indicating the availability of such housing options shall be distributed by the City.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Increased availability of educational material
Objective:	Siting of 5 manufactured units

POLICY H-5

In accordance with State law, the City shall continue to consider secondary units ("granny flats") exempt from the provisions of Measure "F".

POLICY H-6

The City shall ensure that its adopted policies, regulations and procedures do not add unnecessarily to the cost of housing while still attaining other important City objectives.

Program H-6.1

The City will establish a streamlined permit processing procedure for low income housing projects.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Streamlined process

Program H-6.2

At least every other year, the City will review development related processes and procedures and report on ways to eliminate unnecessary delays or other costs that affect the production of housing. Said report shall be submitted to the Planning Commission who shall forward a recommendation to the City Council.

Responsible agency/department:	Planning and Building Department, Planning Commission, City Council
Time frame:	Biannually, beginning 1994
Funding:	General Fund
Expected Outcome:	Regular review to eliminate unnecessary costs

Program H-6.3

The City will periodically review its user charges for public services and facilities to ensure that the charges are consistent with the costs of improvements and maintenance.

Responsible agency/department:	Public Works Department/Finance Department
Time frame:	Annually
Funding:	General Fund
Expected Outcome:	Current, realistic fee structure.

Program H-4.9

At least annually, the Public Works Department will provide an update to the City Council on available water supplies, projected demand under the General Plan and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the Water Management Plan and the General Plan.

Responsible agency/department:	Public Works Department
Time frame:	Annually
Funding:	Water fund
Expected Outcome:	Regular tracking of water supply projects

Program H-4.10

The City shall actively pursue the additional water resources identified in the Water Management Plan as certified by the State Coastal Commission. The City will to the extent feasible, allocate said water resources to allow maximum growth to full buildout consistent with limitations imposed by the State Coastal Commission contained in the Certified Local Coastal Plan and Measure F. Said resources shall also be allocated to maintain the growth and continued prosperity of other priority uses identified in the LCP such as the fishing and agricultural industries.

Responsible agency/department:	Public Works Department
Time frame:	Annually
Funding:	Water fund
Expected Outcome:	New water resources
Objective:	Increase water resources to meet growth requirements

Program H-4.11

The City shall continue to explore alternative methods for increasing its affordable housing stock with the goal of providing adequate low, very low, senior and handicapped housing. The City will contact HCD, Peoples' Self-help Housing Corporation and other appropriate information resources on an annual basis in order to stay current with the latest options for providing affordable housing

Responsible agency/department:	Planning and Building Department
Time frame:	Annually
Funding:	General Fund
Expected Outcome:	Additional affordable housing
Objective:	Bring the City into compliance with its fair share housing allocations

Sites on which fewer than 12 units are allowed, even after the General Plan amendment or rezoning, shall be excepted. In such cases the City may require the payment of a fee in lieu of actual construction of low income housing. Said fee shall be set annually in the master fee schedule. Said fee shall be used to construct low income units, to write-down land or financing costs for lower income units, or for the rehabilitation or preservation of such units.

Program H-11.1

The City will establish an affordable housing fund to accept housing-related fees. This fund will be used to construct lower income housing, purchase land, write-down land or financing costs, rehabilitate or preserve existing units, prepare other implementation measures consistent with this element, and/or monitor on an ongoing basis housing policies and programs.

Responsible agency/department:	Planning and Building Department/ Finance Department
Time frame:	1993
Funding:	N/A
Expected Outcome:	A housing trust fund

POLICY H-12

All new housing projects or subdivisions shall be required to comply with California Government Code section 65590 et seq. to determine the feasibility of providing housing affordable to lower income households. In cases where such housing is deemed feasible, at least 10% of said units shall be provided within the project. In cases where it is deemed not feasible to provide such housing within the new project itself, the developer shall provide a number of units equal to at least 10% of the units in the approved project, at another location in the City, if feasible. In such cases where providing housing affordable to lower income households is deemed not feasible pursuant to California Government Code Section 65590 et seq., the City shall require an in-lieu fee to be paid to an affordable housing fund (see Program 1). The fee shall be paid pursuant to an ordinance adopted by the City Council. See Program 12.1, below. Prior to making a determination of infeasibility, the City shall require an independent study of feasibility based upon these factors.

POLICY H-7

The City shall give high priority for permit processing to low income residential projects.

Program H-7.1

The City shall track all new construction and rehabilitation projects on a monthly basis.

Responsible agency/department:	Planning and Building Department
Time frame:	Ongoing
Funding:	General Fund
Outcome:	Current land use inventory and housing condition status

POLICY H-8

The City shall provide fee reductions as an incentive for low income housing.

POLICY H-9

The City shall allow housing in conjunction with compatible commercial uses and a variety of mixed used designations shall continue to be used in appropriate locations throughout the City.

POLICY H-10

The City shall, in conjunction with nonprofit or for profit developers, apply for funds from the state and federal governments to construct housing for low income households.

Program H-10.1

The City shall continue to work with People's Self Help Housing Corporation, or other nonprofit agencies to secure funds through state and federal programs for development of new low income housing and rehabilitation of existing low income households.

Responsible agency/department:	City Manager
Time frame:	Ongoing
Funding:	CDBG, HOME, others
Expected Outcome:	Construction of low income housing
Objective:	40 units

POLICY H-11

In cases where the City amends the General Plan and/or zoning to increase the allowed density on a particular property, at least 10% of the units developed on such property shall be affordable to low income households.

The low income units may be either for rent or for sale, but shall remain affordable for at least 30 years or such other term approved by the City, consistent with State law. Low income units shall be made available concurrently with market rate units.

POLICY H-16

The City will encourage the mixing of affordable housing throughout the community rather than concentrating affordable units in a few locations.

Program H-16.1

The City will allow the conversion of older motels to residential use, subject to discretionary review, outside the C-VS and WF zones. Criteria for approving residential uses shall be stated in the Zoning Ordinance. Said conversions will also receive a priority in the unit allocation list.

Responsible agency/department:	Planning and Building Department
Time frame:	1994
Funding:	General Fund
Expected Outcome:	Revised zoning
Objectives:	15 units

2. Conservation and Rehabilitation

OBJECTIVE: TO CONSERVE AND REHABILITATE THE CITY'S CURRENT STOCK OF AFFORDABLE HOUSING.

POLICY H-17

The City shall continue to coordinate with the appropriate agencies to maintain Section 8 rent subsidies.

Program H-17.1

The City will coordinate its efforts with the appropriate agencies to continue receiving Section 8 subsidy monies.

Responsible agency/department:	City Manager
Time frame:	Ongoing
Funding:	CDBG, HOME, others
Expected Outcome:	Construction of low income housing
Objective:	40 units

Program H-12.1

The City will adopt an ordinance that requires new housing projects of at least 10 units in size, where it is deemed not feasible to provide lower income housing on site, to pay an in-lieu fee. Said ordinance shall specify the amount of the fee.

Responsible agency/department:	Planning and Building Department
Time frame:	1993
Funding:	General Fund
Expected Outcome:	New ordinance
Objective:	20 units

POLICY H-13

The City shall require low income housing units in density bonus projects to be available at the same time as the market-rate units in the project, to the extent deemed practical by the City.

POLICY H-14

The City shall require all low income housing which receives government incentives such as fee reductions or density bonuses to remain affordable to low income households for at least 30 years or such other term approved by the City, consistent with State law.

Program H-14.1

The City will require continued affordability for low income units that are constructed as a result of government funds, regulations, or that receive a density bonus or other incentive. Terms of such provisions shall be for a minimum of 30 years, and consistent with State law.

Responsible agency/department:	Planning and Building Department or other designated agency
Time frame:	1993
Funding:	General Fund
Expected Outcome:	Zoning Ordinance amendment to require continued affordability

POLICY H-15

The City shall continue to provide Section 8 assistance to eligible households through the San Luis Obispo Housing Authority.

and/or payment of fees into the housing fund. Condominium conversions shall not be permitted unless an equal or greater number of permanent rental housing units has been constructed during the same year.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Revised conversion ordinance

POLICY H-23

The City shall continue to protect existing low income apartment units from loss through conversion to condominiums.

Program H-23.1

The City will develop and adopt an ordinance to provide tenant protection in cases of approved mobile home park conversions. Such protection shall include, but is not necessarily limited to, notice to tenants at least one year in advance of any conversion, reasonable opportunities for park purchase by the tenants, and relocation assistance for low income tenants.

Responsible agency/department:	Planning and Building Department
Time frame:	1995
Funding:	General Fund
Expected Outcome:	Revised ordinance

Program H-23.2

The City will adopt an ordinance regarding demolition and conversion which implements the provisions of Government Code Section 65590 et seq. In addition, the ordinance shall require tenant notice and relocation assistance in cases of demolition of market rate multi-family housing. Such an ordinance shall provide for at least one year's notice to tenants except in cases of imminent risk to health or safety. The ordinance will also specify minimum requirements for relocation assistance for displaced tenants. Such assistance may include providing information about other available housing and providing a stipend to help offset moving expenses for low income households.

Responsible Agency/Department:	Planning and Building Department
Time frame:	1994
Funding:	General Fund
Expected Outcomes:	New ordinance

POLICY H-24

The City shall encourage the replacement of low and moderate income housing that is demolished with similar affordable housing.

POLICY H-18

The City shall continue to apply for CDBG grants for the purpose of rehabilitating low cost, owner occupied and rental housing.

Program H-18.1

If grant application assistance is available from People's Self Help Housing Corporation, or other groups, the City will apply for CDBG rehabilitation funds to enable rehabilitation for low income households.

Responsible Agency/Department:	Planning and Building Department
Time frame:	1993
Funding:	CDBG Technical Assistance/General Fund
Expected Outcomes:	CDBG applications annually
Objective:	40 units rehabilitated

POLICY H-19

Private financing of the rehabilitation of housing shall be encouraged.

POLICY H-20

The City shall encourage local private organizations to assist elderly, handicapped, and disadvantaged in the repair and rehabilitation of their housing.

POLICY H-21

The City shall require the abatement of unsafe structures, while giving property owners ample time to correct deficiencies. Residents displaced by such abatement should be provided relocation assistance.

POLICY H-22

The demolition or conversion of existing low or moderate income units and the conversion or demolition of any residential structure for purposes of a non-residential use which is not coastal dependent shall be allowed only if it is found consistent with Government Code Section 65590 et seq. that sets forth the requirements for conversions, demolition, and replacement housing in the Coastal Zone.

Program H-22.1

The City will develop and adopt a revised condominium conversion ordinance which is consistent with Government Code Section 65590 and which requires tenant notice, opportunities for tenant purchase of units and mitigation for the loss of low income rental units through the conversion. Such mitigation may include, but is not necessarily limited to, provision of replacement housing, relocation assistance,

Such notice shall be given at least to the following:

- The City
- HCD
- San Luis Obispo Housing Authority
- Residents of at-risk units

Program H-27.1

The City shall maintain a list of all dwellings within the city that are subsidized by government funding or low income housing developed through local regulations or incentives. The list shall include at least: the number of units, the type of government program, and the date at which the units may convert to market-rate dwellings.

Responsible Agency/Department:	Planning and Building Department
Time frame:	Ongoing
Funding:	General Fund
Expected Outcome:	Annually updated list

Program H-27.2

The City shall add to existing incentive programs, and include in all new incentive or regulatory programs, requirements to give notice prior to conversion to market rate units as described in Policy C.2.

Responsible Agency/Department:	Planning and Building Department
Time frame:	1993
Funding:	General Fund
Expected Outcome:	Revisions to all housing incentive and regulatory programs

4. Special Needs

OBJECTIVE: *TO MEET THE HOUSING NEEDS OF SPECIAL GROUPS OF MORRO BAY RESIDENTS, INCLUDING SENIORS, HANDICAPPED PERSONS, AND SINGLE PARENTS.*

POLICY H-28

The City shall continue to allow group housing in residential districts in accordance with applicable State laws.

POLICY H-29

The City shall utilize CDBG and other State or federal monies to assist in the development of low income senior rentals.

POLICY H-30

The City shall permit larger group housing for seniors (such as "life care" or similar combinations of residences with various levels of nursing care) in appropriate locations, subject to discretionary review.

POLICY H-25

The City shall ensure that public projects are planned to minimize their impact on the quality and stability of residential neighborhoods.

Program H-25.1

The City will require housing developments for low and moderate income households to be designed so that they do not stand out in the neighborhood, in order to enhance the sense of belonging to the community. Forms, materials, and proportions should be utilized which are compatible with the character of the surroundings.

Responsible agency/department: and Planning Commission	Planning and Building Department
Time frame:	Ongoing
Funding:	General Fund, application fees
Outcome:	Projects that fit in their neighborhoods

POLICY H-26

The City shall continue to maintain streets, parks, and other public facilities and services essential to the quality of residential neighborhoods.

3. Preservation of At-Risk Units

At-risk units are those that are currently in a subsidized housing program but are approaching the end of the program's time frame and will soon revert to market-rate housing. This section describes how these units will be preserved. There are no subsidized units in the City that are eligible for conversion within the time-frame of this Element.

OBJECTIVE: *PRESERVE ALL AT-RISK UNITS IN MORRO BAY.*

POLICY H-27

At least 2 years notice shall be required prior to the conversion of any units for low income households to market rate units in any of the following circumstances:

- The units were constructed with the aid of government funding
- The units were required by an inclusionary Zoning Ordinance
- The project was granted a density bonus
- The project received other incentives

Program H-32.1

The City will revise its Zoning Ordinance to allow the establishment of short-term homeless shelters for overnight lodging in religious or social organization buildings.

Responsible agency/department:	Planning and Building Department
Time frame:	1993
Funding:	General Fund
Expected Outcome:	Revised Zoning Ordinance

6. Energy Conservation

OBJECTIVE: TO INCREASE THE EFFICIENCY OF ENERGY USE IN NEW AND EXISTING HOMES, WITH A CONCURRENT REDUCTION IN HOUSING COSTS TO MORRO BAY RESIDENTS.

POLICY H-33

All new dwelling units shall be required to meet current state requirements for energy efficiency. The retrofiting of existing units shall be encouraged.

Program H-33.1

The City will implement Title 24 of the California Code on all new development. The City shall encourage the use of additional innovative energy conservation techniques such as active and passive solar systems, orientation, and project layout in an endeavor to further reduce dependence upon outside energy sources. The City will make handouts and literature available to the public outlining measures that they can take to reduce energy use.

Responsible agency/department:	Building Division
Time frame:	Ongoing
Funding:	Plan check fees
Expected Outcome:	Implementation of Title 24

Program H-33.2

The City will work with P.G.& E. and Southern California Gas Company to encourage existing residents to participate in energy efficiency retrofit programs. The City will consider sponsoring an energy awareness program in conjunction with P.G. & E. Southern California Gas Company to educate residents about the benefits of various retrofit programs.

Responsible agency/department:	Planning and Building Department
Time frame:	Ongoing
Funding:	General Fund/ P.G. & E.
Expected Outcome:	Increased awareness of energy efficiency programs

Program H-28.1

The City will review its zoning to allow group housing in residential zones in accordance with State law; co-housing and similar "unconventional" housing arrangements; "life care" and other combinations of residences with nursing care for seniors.

Responsible agency/department:	Planning and Building Department
Time frame:	1994
Funding:	General Fund
Expected Outcome:	Revised ordinances as necessary
Objectives:	5 group homes

5. The Homeless

OBJECTIVE: *TO REDUCE THE INCIDENCE OF HOMELESS PERSONS IN THE COMMUNITY; TO WORK WITH OTHER CITIES, THE COUNTY AND VARIOUS NON-PROFITS TO CONTINUE TO OPERATE A CONVENIENT HOMELESS SHELTER FOR THE REGION.*

POLICY H-31

The City shall participate in the operations and maintenance of the regional homeless shelter facility.

Program H-31.1

The City shall cooperate with the other cities, the County and other agencies in the development of programs aimed at providing homeless shelters, and related services.

Responsible agency/department:	Planning and Building Department
Time frame:	Ongoing
Funding:	General Fund
Expected Outcome:	Continued cooperation with agencies providing homeless shelter and services

POLICY H-32

The City shall allow homeless shelters for overnight lodging in appropriate zoning districts.

Program H-32.1

The City shall continue to provide information about housing opportunities and services for homeless persons through the Police Department as well as City Hall.

Responsible agency/department:	Police Department/City Manager
Time frame:	Ongoing
Funding:	General Fund
Expected Outcome:	Continued availability of housing information

7. Equal Opportunity

OBJECTIVE: TO ASSURE EQUAL ACCESS TO SOUND, AFFORDABLE HOUSING FOR ALL PERSONS REGARDLESS OF RACE, CREED, AGE OR SEX.

POLICY H-35

The City declares that all persons, regardless of race, creed, age, or sex shall have equal access to sound and affordable housing.

Program H-35.1

The City will refer persons experiencing discrimination in housing to California Rural Legal Assistance.

Responsible Agency/Department:	All City Departments that receive complaints
Time frame:	Ongoing
Funding:	General Fund
Expected Outcome:	Distribution of information

POLICY H-36

The City will promote the enforcement of the policies of the State Fair Employment and Housing Commission.

Program H-36.1

The City will continue to provide information from the Department of Equal Housing and Employment regarding housing and tenant rights at City Hall and other prominent locations in the City.

Responsible Agency/Department:	City Manager
Time frame:	Ongoing
Funding:	General Fund
Expected Outcome:	Distribution of information regarding equal access to housing

POLICY H-34

New land use patterns shall encourage energy efficiency, to the extent feasible.

Program H-34.1

The City will continue to allow for mixed residential and commercial development, where appropriate, in accordance with the Zoning Ordinance.

Responsible agency/department:	Planning and Building Department
Time frame:	1994
Funding:	General Fund
Expected Outcome:	Zoning amendment
Objective:	120 second units / 5 manufactured units 10 density bonus units

Program H-34.2

The City will amend its subdivision ordinance to require that new subdivisions include transit opportunities and bicycle and pedestrian routes, where feasible and appropriate.

Responsible agency/department:	Planning and Building Department/Public Works Department
Time frame:	1993
Funding:	General Fund
Expected Outcome:	Subdivision ordinance amendment

Program H-34.3

The City shall amend it's subdivision ordinance to require all new subdivisions to be designed to reduce vehicle dependence and encourage pedestrian and bicycle circulation.

Responsible agency/department:	Planning and Building Department
Time frame:	Ongoing
Funding:	General Fund/
Expected Outcome:	Reduction in air pollution and generation of vehicular trips

Summary of Quantified Objectives 1992-1997

		Income Groups				
	Program	Very Low	Low	Moderate	Above Moderate	Total
I. <u>New Construction</u>						
1. Density bonus	3		10			10
2. Second units	3	20	40	40	20	120
3. Manufactured units	3			5		5
4. Inclusionary, in-lieu fees	1,7		20			20
5. Non-profit corp. & housing authority	8	20	20			40
6. Motel conversions	9			15		15
7. Private market				125	247	388
Actual construction since 1992		0	0	0	24	24
Total:		40	90	185	267	582
SLOCOG Fair Share		0	69	174	379	622

Income Groups

II. <u>Conservation Rehabilitation</u>	Program	Income Groups				Total
		Very Low	Low	Moderate	Above Moderate	
1. CDBG rehabilitation program	11	40				40
2. Section 8 certificates	8, 12	45				45

III. <u>Tenure</u>	Rentals	Owner Occupied
	40%	60%

IV. <u>Type</u>	Single Family Detached	Multi-Family & Mobile Home
	45%	55%

- **Objectives:** refer to the number of units that are expected to be constructed, conserved or rehabilitated during the time frame of the Housing Element. The quantified objectives represent measurable outcomes that can be used to evaluate the success of the Housing Element in the future. The quantified objectives for the various policies and programs are listed at the end of this chapter.

8. Public Participation

OBJECTIVE: TO ENSURE PARTICIPATION OF ALL ECONOMIC SEGMENTS OF THE COMMUNITY IN THE DEVELOPMENT OF HOUSING POLICY FOR MORRO BAY.

POLICY H-37

The City shall encourage the participation of all citizens of Morro Bay in the development of housing policies for the City.

Program H-37.1

Prior to any public hearing where the City is considering amending or updating the housing element, the City will directly notify People's Self Help Housing Corporation, San Luis Obispo Housing Authority, California Rural Legal Assistance and local churches, as well as post notices at significant public locations.

Responsible Agency/Department:	Planning and Building Department
Time frame:	Ongoing
Funding:	General Fund
Expected Outcome:	Distribution of information

APPENDIX A - BIBLIOGRAPHY

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- Liberty Management - The Rental Office, *Listing of Available Rental Properties in Morro Bay*, January 1993.
- San Luis Obispo Council of Governments, *Regional Housing Needs Plan for the San Luis Obispo County Region*, November 6, 1991.
- United States Department of Commerce, Bureau of Census. *Census of Population and Housing, Summary Tape File 1 on CD-ROM (California)*, 1990.
- United States Department of Commerce, Bureau of Census. *Census of Population and Housing, Summary Tape File 3 on CD-ROM (California)*, 1990. 1991.

APPENDICES



II. Land Inventory (Sections 65583, 65583 a)

The table below summarizes the information on sites suitable for residential development within the five year planning period of the element. The page(s) where this topic is discussed, including the discussion of availability of services and facilities for the sites identified in the land inventory, are listed

Note: An inventory of residential capacity prepared by a consultant to the City found sufficient capacity to construct almost twice the number of units that have been allocated as Morro Bay's fair share. This information as shown on page 40 of this element. Some of the available land is designated for multiple family units and/or mixed use; however, that information is not available by types of units or acreage within each land use designation. Since the City's fair share allocation calls for mostly moderate and above moderate income housing, there is clearly sufficient land to meet the City's allocation.

The availability of public services is discussed on Page 41 of the element. Public services and the voter approved initiative Measure "F" will present far more important constraints to the provision of housing in Morro Bay during the next five years than will land availability.

III. Constraints on Housing (Section 65583a (4 and 5))

Pages where the housing constraints listed below are discussed:

Page #

A. Governmental Constraints

1. Land use controls	45
2. Codes and enforcement	45
3. On/Off site improvements	44
4. Fees and exaction's	47
5. Processing and permit procedures	47
6. Other governmental constraints	43

B. Non governmental Constraints

1. Availability of financing	49
2. Price of land	48
3. Cost of construction	49
4. Other non governmental constraints	48

IV. Quantified Objectives

List quantified objectives for the maximum number of housing units over the five year time frame of the element to be:

A. Constructed <u>58</u>	15
B. Rehabilitated <u>40</u>	15
C. Conserved <u>45</u>	15

APPENDIX B - HOUSING ELEMENT REVIEW WORKSHEET

Locality: City of Morro Bay Draft Adopted HCD Receipt Date
 Contact Person: Don Funk, Planning Director Phone: (805) 772-1214 Coastal Zone Yes
 Section numbers refer to the Government Code Article 10.6.

I. Housing Needs (Section 65583(a))

	Owner Occupied	Rental	Vacant	Total	Page #
A. Number of existing households and housing units					
1. Households	2,494	1,992		4,486	33
2. Housing units	2,494	1,992	1,208	5,694	36
B. Lower income households overpaying for housing					
1. Total number	1,197	1,175		2,372	32
2. % lower income	80%				
C. List pages where special housing needs groups are analyzed and provide the estimated number of households.					
1. Handicapped				1,109	27
2. Elderly	1,211	320		1,531	21
3. Large households	NA	NA		176	25
4. Farm workers				NA	27
5. Families with female head				586	27
6. Homeless				NA	28
7. Other					
D. Number of overcrowded households	57	149		206	38
E. Number of housing units needing rehabilitation				994	39
F. Number of housing units needing replacement				26	40
G. Five year projected new construction needs, including the locality's share of the regional housing needs as determined by COG or HCD. (1992 - 1997)					

Income Category New	Seven Year Construction Needs
Very Low (0-50% of median income)	0
Other Low (50%-80%)	73
Moderate (80%-120%)	185
Above Moderate (over 120%)	404
Total Units	622

H. NA

I. NA

APPENDIX C - AT-RISK ANALYSIS

There were found to be no at-risk units in Morro Bay

CHECKLIST TO CONFIRM LACK OF AT-RISK UNITS PURSUANT TO GOVERNMENT CODE SECTION 65583(A)(8)

Jurisdiction City of Morro Bay

Date March 14, 1993

1. HUD programs:

Section 8 Lower-Income Rental Assistance project-based programs:

New Construction
Substantial or Moderate Rehabilitation
Property Disposition
Loan Management Set-Aside

Section 101 Rent Supplements

Section 213 Cooperative Housing Insurance

Section 221(d)(3) Below-Market-Interest-Rate Mortgage Insurance Program

Section 238 Interest Reduction Payment Program

Section 202 Direct Loans for Elderly or Handicapped

☒ there are no such units for our jurisdiction listed in the Inventory of Federally Subsidized Rental Units At Risk of Conversion, 1990 or subsequent updated information made available by HPD.

☐ units for our jurisdiction in the above inventory are not at risk during the ten-year analysis period; no units are at risk until _____ (year).

2. Community Development Block Grant program (CDBG)

☐ jurisdiction has not used CDBG funds

☒ jurisdiction has not used CDBG funds for multifamily rental units

☐ although CDBG funds have been used for multifamily rental rehabilitation, staff responsible for this program indicate there are no affected units because _____

3. Redevelopment programs

☒ jurisdiction does not have a redevelopment agency

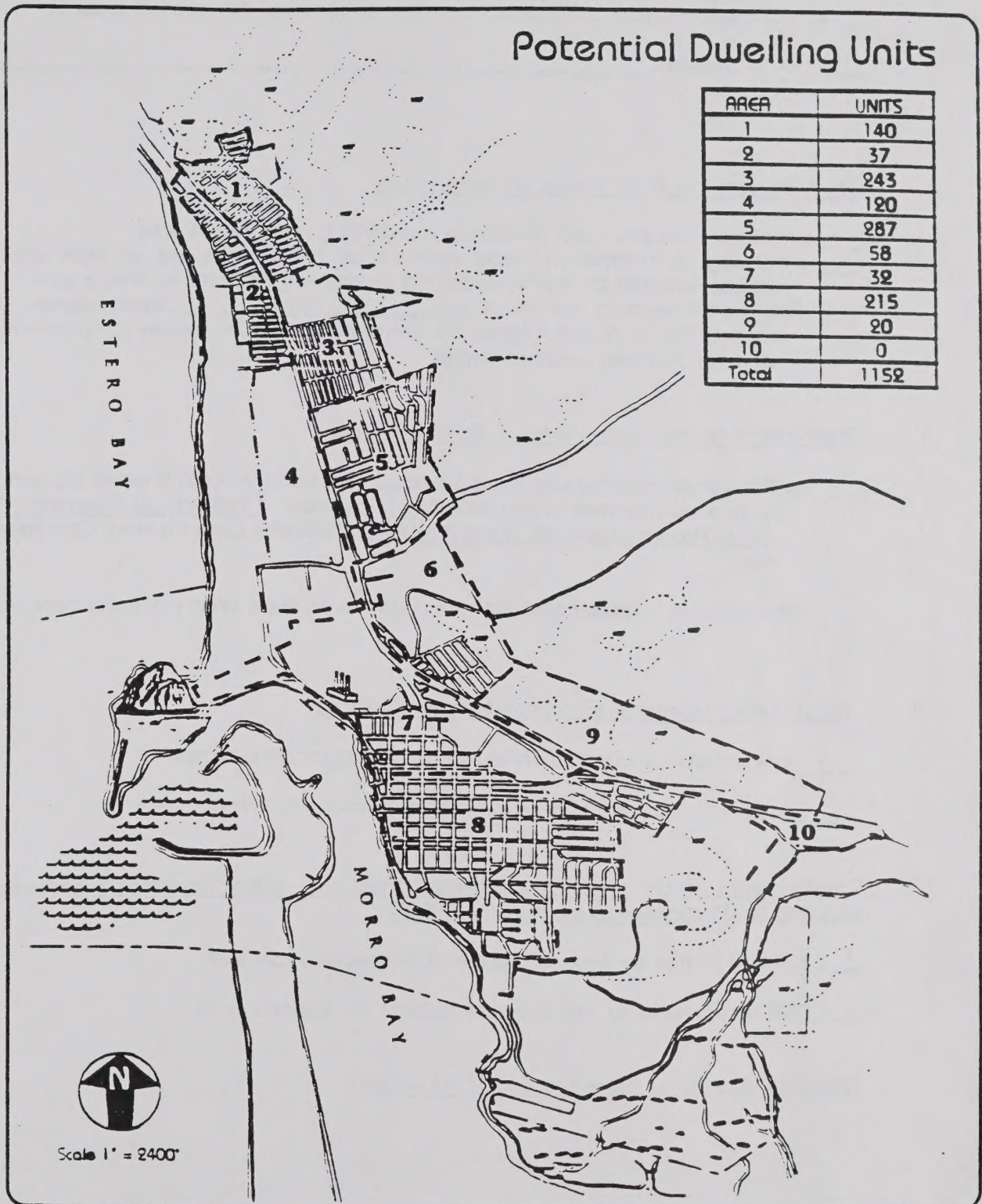
☐ redevelopment funds have not been used on multifamily rental units; or

V. Other Topics

Pages where the following topics are discussed:

A. Efforts to achieve public participation of all economic segments of the community in the development of the element	58
B. Analysis of opportunities for energy conservation in residential development	51
C. Description of means by which consistency will be achieved with other general plan elements	58
D. Evaluation of the previous element including:	
1. Effectiveness of the element	55
2. Progress in implementation	52
3. Appropriateness of goals, objectives and policies	1
E. Coastal Zone requirements	5

APPENDIX D - POTENTIAL DWELLING UNITS



although redevelopment funds have been used for multifamily rental units, staff responsible for this program indicate there are no affected units because

- a) income-restrictions for occupancy were not required for existing units, or
- b) other reasons:

4. FmHA Section 515 Rural Rental Housing Loans

- X jurisdiction has not been located in a qualifying rural FmHA area
 X according to information made available by HPD, there are no such eligible
 projects reported by FmHA within the community or unincorporated area
 FmHA staff checked the status of _____ (name) _____ development(s) and
 reported that it is not eligible for prepayment or not eligible for prepayment
 within the ten-year analysis period.

5. State and local multifamily revenue bond programs

- X no bond-financed units eligible to terminate affordability controls within the next ten years were reported in the following publication: 1990 Annual Summary: The Use of Housing Revenue Bond Proceeds, California Debt Advisory Commission, and
- local housing authority staff indicate there are no such units within the community.

6. Local in-lieu fee programs or inclusionary programs

- X Jurisdiction has not had an in-lieu fee or inclusionary program
staff responsible for these programs indicate no affected units

7. Developments which obtained a density bonus and direct government assistance pursuant to Government Code Section 65916.

- X jurisdiction has no projects approved pursuant to this law
 staff responsible for this program indicate no affected units

8. Additional comments related to any of the above:

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